

BUSINESS WEEK

SOVIET COUNTERWEAPON

East-West Trade

PAGE 129



Robert Leeson: Universal Winding gives textile machinery a new stimulus (page 36).

A MCGRAW-HILL PUBLICATION

JUNE 17, 1950

TWENTY-FIVE CENTS



Studebaker Commander—Land Cruiser

Try America's most advanced automatic drive at the wheel of a Studebaker Commander!

MANY thousands of America's most discriminating car owners have been buying Studebaker Commanders in order to enjoy motoring at its best.

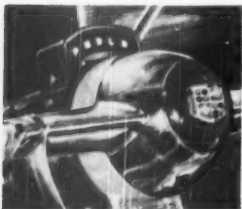
You know why they favor the Commander, if you've ever driven one yourself.

It sparkles with an excitingly different kind of performance. It's a brilliantly responsive, marvelously comfortable car. Its impressive sweep of line does full justice to Studebaker's aerodynamic "nextlook" styling.

Now something still more wonderful has been added to the sheer pleasure of owning a Commander.

Its latest distinction is Studebaker's revolutionary Automatic Drive—the newest and most advanced achievement in "no clutch—no gearshift" motoring.

Stop in at a nearby Studebaker dealer's showroom and try out this thrilling Studebaker Automatic Drive—at the wheel of a Commander—first chance you have. It's extra cost but well worth it in extra enjoyment.



No clutch pedal—just this selector lever—That's how simply Studebaker Automatic Drive works. You just set the pointer at "drive" and then feed the gas. The gear ratios change automatically and quietly.



You breeze by the gas pumps for miles because this is the truly thrifty automatic transmission. It goes into direct drive at cruising speeds—no "slippage" loss of power between the engine and rear axle.



This Automatic Drive eliminates "creep"—You stay stopped when you brake to a stop—until you depress the accelerator. On normal up-grades, this Automatic Drive won't let the car roll back when you stop.



You're always the "boss" of this Drive—You can over-rule it at any time—with a burst of power to pass a slower vehicle, for example. You can "rock" car in mud, sand, snow.

Studebaker, South Bend 27, Indiana U. S. A.

White side wall tires, wheel door and automatic drive optional at extra cost.



A piece of silence — it's Koroseal

A typical example of B.F. Goodrich product improvement

MANY new cars have silence installed when they're built. You can imagine the noise if metal window frame met metal window sill! Rubber gaskets were used, but after some years rubber sometimes hardens in air, and then squeaks start. And rubber has to be sprayed to give it the color of the car interior. (Bet you never noticed the gaskets. That's just what the car maker wanted. Means he's got a perfect joint and color match.)

Cost of Koroseal is less than rubber and spraying, and the Koroseal color is permanent.

Koroseal stays flexible, does not harden nor crack nor check, can be molded or extruded to close tolerances, or made into very thin films or sheets. For strength, in upholstery for example, it can be backed by fabric.

Koroseal is permanently waterproof, and proof against alcohol and most acids. Grease, paint, pencil marks,

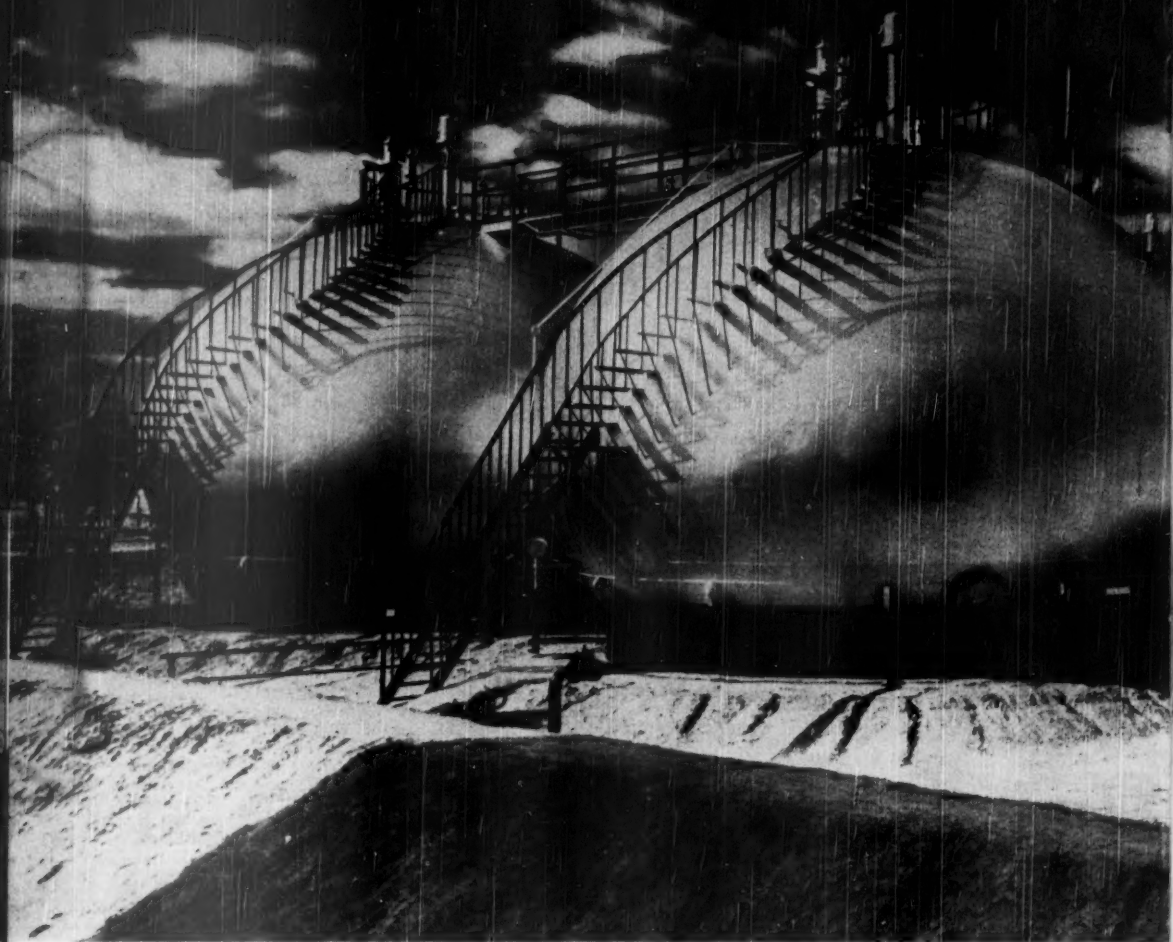
finger marks can be washed off easily. Koroseal stands extreme wear and abrasion. It is light and can be made colorful and soft. It can be printed.

If qualities like these suggest improvements in your product, write *The B.F. Goodrich Company, Koroseal Sales Department, Marietta, Ohio.*

Koroseal—Trade Mark—Reg. U. S. Pat. Off.

B.F. Goodrich
Koroseal Flexible Materials

THEY'RE POPPIN' UP



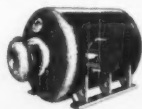
Improved A-C Equipment Aids Steady Progress of Petroleum Industry . . .



Today's deeper wells call for bigger Texrope V-belt drives on mud pumps. A-C, as originator of multiple V-belt drives, is best prepared to provide the type or size that's needed.

Texrope is an Allis-Chalmers Trademark

New 1500-mile pipeline takes petroleum from Texas to Illinois. Allis-Chalmers 400 hp. explosion-proof motors drive booster pumps. Unique tube-type construction cuts maintenance.



One of world's largest water conditioning installations is in midwest oil refinery. Third of five identical hot processing conditioner units is now being installed by A-C.

Allis-Chalmers has played a vital part in industrial progress for 103 years, building quality products and equipment for nearly every major industry.

ALL OVER...

WHY the man-made mushrooms?
To hold the precious products of
petroleum in store for you!

Every second of the day 4,000 gallons
of petroleum pour from America's oil
wells . . .

Every 23 minutes a new producing
well starts operation . . .

New storage tanks, new pipelines,
new tank cars and tankers, are poppin'
up all over to keep this tremendous out-
put on tap for you.

At every step of petroleum produc-
tion—from oil well to refinery, through
storage and transportation—Allis-
Chalmers helps solve many problems
of expansion and modernization . . . with
pumps, motors, power and processing
equipment.

You'll find, too, that the trademark
"A-C" is prominent in *every* industry
contributing to your good living today.

ALLIS-CHALMERS MANUFACTURING COMPANY
901 South 70th Street, Milwaukee 1, Wisconsin

Photo courtesy of Shell Oil Co.

ALLIS-CHALMERS



One of the Big 3 in Electric Power Equipment—
Biggest of All in Range of Industrial Products

No hold-up for down-time!



every handling job
is easier with
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Gas Powered for 24-hour service

When necessary, keep dependable Towmotors working productively "around the clock." Sturdy Towmotors need no revitalizing, no coddling. They're ready, willing and able—any time!

Ask to see the Towmotor movie, "The One Man Gang," right in your office.

TOWMOTOR
THE ONE-MAN-GANG

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and TRACTORS**

RECEIVING • PROCESSING • STORAGE • DISTRIBUTION

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Herman C. Sturm

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BUSINESS WEEK • June 17, 1956



THE MASTER KEY OF STRAIGHT LINE PRODUCTION OPENS THE EYES OF THIS AUTOMOBILE DOOR LOCK MANUFACTURER

AN ADAPTATION OF KELLER AIR TOOLS

Yes, common sense know-how of what tools to select to accomplish certain results unlocks another bothersome production job on small parts.

Walk along the recently installed production line in the Houdaille-Hershey plant, at Decatur, Ill. . . you will see 36 standard Keller air tools engaged in an unusual task.

These tools are Compression Riveters . . . set up at assembly stations along a belt conveyor line . . . to rivet, stake, and mark parts for automobile car door locks.

Before these versatile little production tools entered the picture, this tedious work on lock mechanisms was done

by hand, or on punch presses. Complaints were numerous: "Big punch presses are too expensive for these little jobs; they take up too much floor space; they're too bulky to fit into straight line assembly. They eat up time . . . we have to perform more than one operation on each press, therefore we have to change setups too often."

Both management and men were relieved when Keller Engineers studied the job requirements and then suggested Keller Compression Riveters and fitted them to plant fixtures. Their moderate cost . . . in comparison with punch presses, their compactness, their setup to perform just one operation

per unit, well warranted their installation at each assembly station.

Now, car lock units move along from station to station in smooth progression. Production has picked up substantially. Operator fatigue eliminated. Storage of partially assembled locks no longer necessary. Just another example of the kind of jobs the Keller field service technical experts like to sink their teeth into.

★ ★ ★

In addition to specially adapted air tools, like the one described above, Keller's standard line of air hoists, screwdrivers, nut setters, die grinders, chipping hammers, and other work-saving power hand tools are speeding production on a low cost basis.



Air Tools engineered to industry

KELLER TOOL COMPANY, GRAND HAVEN, MICH.

AIR MOTORS • AIR HOISTS • AIR HAMMERS • COMPRESSION RIVETERS • GRINDERS • DRILLS • SCREW DRIVERS • NUT SETTERS



The invisible lifeguard at every pool



This lifeguard is Chlorine. It kills bacteria and makes the water in swimming pools safe—even for children. Great cities could not exist without its protection of their drinking water. Many other essentials of modern civilization . . . medicine, refrigerants, paper, dye, rubber, petroleum . . . depend upon chlorine.

As our standards of living rise over the years, more and more car-loads of this valuable chemical go out from Wyandotte to a host of American industries . . . with each shipment checked for purity of product, each tank car inspected for cleanliness and proper functioning of safety valves and outlets.

Wyandotte's Chlorine meets the highest standards of the pulp, paper

and textile industries — is used in the paper for the books and magazines you read, helps make the cotton clothes you wear. Chlorinated compounds serve in sterilizing agents and laundry bleaches for household and industrial uses.

You'll find that Wyandotte Chlorine is used also in producing pesticides and herbicides, such as D.D.T. and 2,4-D; and that it plays an important role in the production of plastics and synthetic rubber.

Write to our Technical Service Department for further data on the properties and uses of this versatile Wyandotte chemical.

Wyandotte Chemicals Corporation
Wyandotte, Mich. • Offices in Principal Cities

ORGANIC AND INORGANIC CHEMICALS

Wyandotte Chemicals Corporation is one of the world's major producers of soda ash, caustic soda, bicarbonate of soda, chlorine, dry ice and calcium carbonate. Wyandotte produces glycols and related compounds, certain aromatic sulfonic acid derivatives and other organic intermediates. Wyandotte is also the world's largest manufacturer of specialized cleaning compounds for business and industry.



Highlights In This Issue

Steel: More and Costlier

• Continued expansion still hasn't caught up with demand. And pressure on scrap drives up price. P. 19

Inflation Signs

• When cement, freight cars, metals, lumber are short, building costs zoom — what does that spell? P. 24

Who Redesigns Machinery?

• In textiles, it's the mills. They did, that is, until Bob Leeson changed the rules. P. 36

Will Pictures Sell It?

• Ottawa's Freiman department store has a cheap—and mechanized—way to bring the store to the customer. P. 58

Department Stores Doomed?

• Not if they use their heads, says Fred Lazarus of Federated Stores. A recorded interview. P. 76

Paradoxical City—Akron

• The rubber capital's industry is being pulled out from under it. But it's doing fine, thank you. P. 84

The War Never Came Off

• Two unions battling for a major industry should mean disaster. Not electrical manufacturing, though. P. 112

America's Weak Spot

• The Soviets are probing it with a plan to step up East-West trade. P. 129

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"Will John Doe recover?"

He's been out three months now . . .

We've tried to keep his job for him . . .

we've routed his work to others . . .

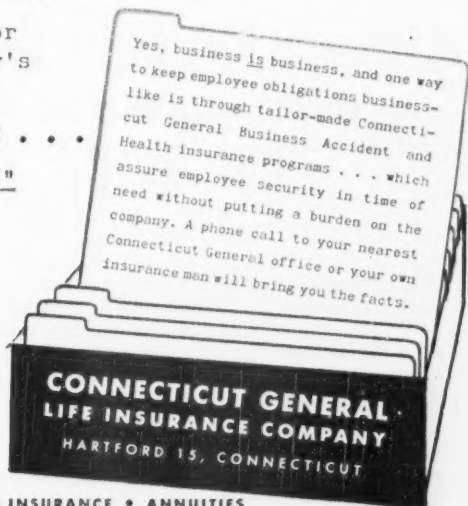
He's still on our payroll . . .

How long shall we continue to sustain
this drain on our operating costs . . . ?

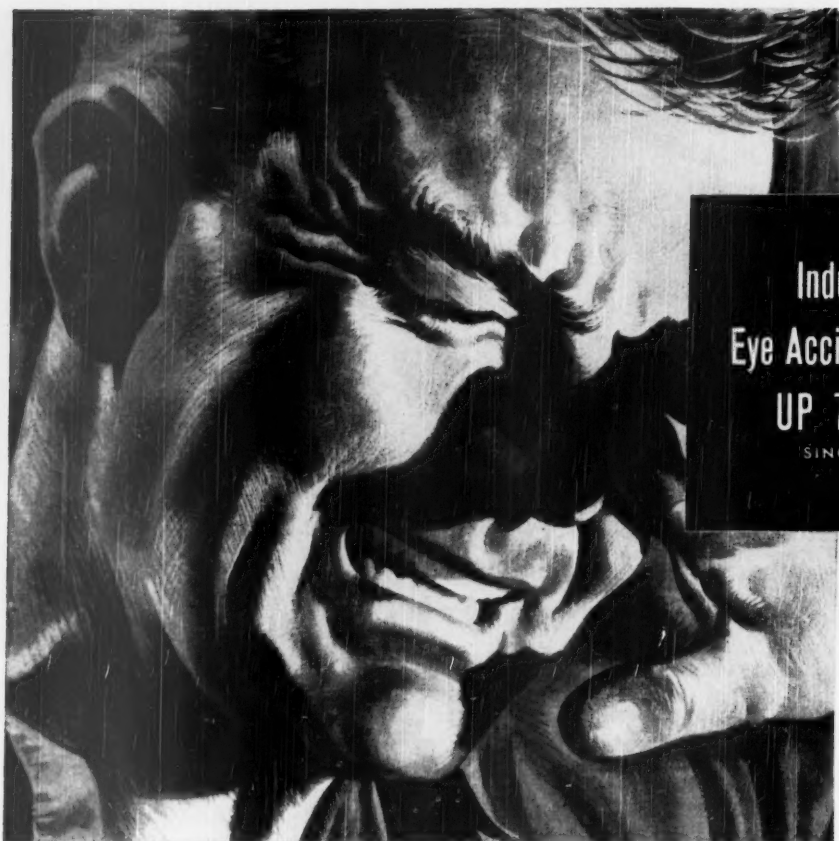
We understand his need for
our help . . . his family's
need for security . . .

We want to do all we can! . . .

But business is business!"



LIFE • ACCIDENT • HEALTH • GROUP INSURANCE • ANNUITIES



Industrial
Eye Accident Costs
UP 78½%
SINCE 1939

This High Cost...

without a Friend among Management or Workers—

Can Be Cut Immediately!

INDUSTRIAL eye accidents occur at the rate of two a minute. They average more than \$5 per employed worker per year in cost. In the campaign to maintain production, wages and profits at rewarding levels, an American Optical Company eye protection program that can prevent 98%

of these accidents merits serious consideration. (One large company saved over \$44,000 annually with an AO program.)

Your AO Safety Products Representative has complete case histories showing *how much* the AO program does and *how little* it costs! Ask him to call.



American Optical
SAFETY PRODUCTS DIVISION

Southbridge, Massachusetts • Branches in Principal Cities

BUSINESS OUTLOOK

BUSINESS WEEK

JUNE 17, 1950



Business is well into the biggest summer it has ever enjoyed.

The Federal Reserve Board's index of industrial production for May was 193. That's a shade higher than in the same month of 1948. And June and July will average several percent ahead of 1948.

Meanwhile, Business Week's Index (which includes some trade factors as well as production) shows an even sharper over-all gain.

•
Shortages now seem to put the only ceiling on the boom (page 24).

They hurt now. Yet they may be a good thing. The shortages may keep the boom from just plain getting out of hand.

At the same time, they put an upward pressure on prices. But the price rise hasn't yet been alarming. This week, in fact, many prices sagged.

•
Prices will bear close watching the next three months. Any lengthy reversal would quite clearly spell a turnaround in business—just as recent pronounced strength has been a symptom of very high activity.

•
Severe price weakness cropped out in a few commodities this week. Most of this, however, seems due to special situations rather than any change in business.

Rubber was most conspicuous. As high as 34¢ a lb. late last week (against 18½¢ for synthetic), natural crude's perch was as precarious as it was lofty.

We're boosting our synthetic output. And the State Dept. has set out deliberately to talk the rubber price down.

The result was a 7¢ tumble before a midweek rally.

•
Price weakness has spread to imported commodities such as pepper and coffee. And domestic raw materials such as steel scrap, fats and oils, and wheat were distinctly ill at ease.

Larger Indonesian shipments sent pepper crashing. Worth 7¢ a lb. or less before the war, pepper recently was selling for \$1.40 in New York. In a week's time, it flopped to below \$1.

A congressional committee's report set off selling in coffee.

An improved crop outlook brought some selling of wheat futures.

•
Weakness in steel-scrap prices often is the forerunner of a cut in steel output. That probably isn't so at the moment, however.

Steel scrap ran into a buyers' strike. Dealers who had overreached the market got nervous and dumped. Prices dropped about \$1.50 a ton.

But, unless the decline continues, it won't mean lower steel operations. This week, steel again is above 101% of theoretical capacity.

•
Quoted prices didn't mean a thing in steel scrap in the late stages of its headlong climb. Here's a case in point.

A railway was scrapping some tired, old locomotives. It offered the scrap to a major steel company, was offered the going market.

The railway tried a dealer. He paid a premium of \$3 a ton—and turned right around and sold at \$1 markup to the same steel company.

•
New records in building are becoming commonplace.

Dwelling units started in May numbered 140,000; that's the third

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

JUNE 17, 1950

month in a row to set a new high. And Engineering News-Record reports construction contracts awarded during May were at a new high of \$931-million.

Both figures promise sustained activity for months ahead. In fact, delays for lack of materials may stretch the boom even longer.

The number of housing starts has building analysts wondering if the statistics are right. Suppose a builder gets permits for a 500-unit project. When starting time comes, prices of materials may be soaring. He may put his plans on the shelf for weeks or even months.

But Washington will count his building permit in its "starts."

Running down the list of business indicators is enough to take your breath away. Electric power has stretched its gain over a year ago to about 12%. Steel output is above theoretical capacity for the ninth week in a row. Auto output is at an annual rate of about 9½-million cars and trucks. Department store sales and carloadings are pulling ahead of 1949.

There still is talk about the "softgoods slump." But, for the most part, it's talk about something that hasn't come off.

Take cotton, for example. A lot of people overbought on gray goods last winter. But they gradually moved them by cutting prices.

Mill use of cotton, meanwhile, has held at above 35,000 bales a day. That figures better than 700,000 bales in an average month. And it's about 25% better than the mills were doing at this time last year.

That isn't bad, with yard-goods exports 50% below 1949.

Domestic mills will use about 8¾-million bales of raw cotton this year. That's a whopping year by any prewar standard.

Marshall Plan funds and military takings for occupied territories are carrying exports of raw cotton above 5-million bales in the cotton season ending July 31. But April exports were down sharply—which might signal the turn many experts have been looking for.

One of the weaker spots in the business situation is the extent to which present output of autos and homes may be borrowing from future sales.

We can't expect the auto industry to continue at a rate of 9½-million cars and trucks annually. Nor homes at 1½-million a year.

And when those industries turn, steel output will decline, too.

Stock markets this week were enough to worry anybody who wants to think that business sooner or later just has to hit a recession.

Our gallant year-old bull market (BW-Jun. 10'50, p106) had been doing a good deal of churning around even in its big days last week. This week saw plentiful profit-taking. At times, the market was quite weak.

This could be a market that's worried about next winter.

Still solidly backing the boom is very high personal income, plus consumer willingness to spend.

Though the GI dividend is behind us, personal income is running at an annual rate of \$213-billion. That's \$3-billion above a year ago.

Gulf Process and Technical Oils

help solve many special problems in industry



—TEXTILE PRINTING, for example

A large Southern textile finishing plant sought to improve the quality of its printed cloth by increasing color penetration. The answer: one of Gulf's Process Oils.

This special oil helps spread the colors evenly into and around the minute cotton fibres. Its use at this plant has resulted in improved color effects in the cloth, greater uniformity, and lower costs.

Among other widely used Gulf Process and Technical Oils are transformer oils, which have excellent dielectric properties; leather oils, which keep leather pliable by replacing natural oils removed during tanning; glass mold oils, which prevent sticking of glassware in the molds; con-

crete form oils, which improve the finish of concrete and facilitate the removal of forms—to name only a few.

Gulf makes available more than 400 quality oils and greases that are helping plant operating men make important dollar savings. Make sure your plant is getting the advantage of recent developments in petroleum science. Call in a Gulf Lubrication Engineer today.

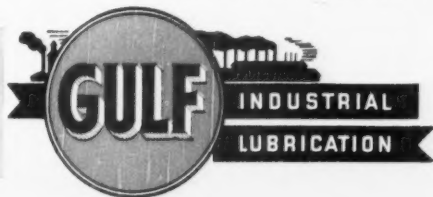
Gulf Oil Corporation • Gulf Refining Company

GULF BUILDING, PITTSBURGH, PA.

Sales Offices • Warehouses

Located in principal cities and towns throughout Gulf's marketing territory

Industry cuts costs with
Gulf Quality Oils and Greases





Tops

FOR DESK TOP ASSEMBLY

says **GENERAL FIREPROOFING**

**World-Renowned Manufacturer
of Metal Business Furniture**

Tests prove that SPEED NUTS® produce an assembly savings of 40% over other fastening methods. That's the report supplied by General Fireproofing engineers after analyzing various methods of attaching Mode-Maker® desk tops to pedestals.

For faster, easier, vibration-proof attachments, SPEED NUTS were proved definitely superior. On the basis of these recent tests, GF plans to increase their use of SPEED NUTS to millions more per year.

Join the thousands of manufacturers who are converting costs to profits by specifying SPEED NUT brand fasteners. A thorough Tinnerman Fastening Analysis is the first step. Ask your Tinnerman representative for details.

Write for your copy of the "Savings Stories" booklet of actual case histories. TINNERMAN PRODUCTS, INC., Cleveland, Ohio. In Canada: Dominion Fasteners Ltd., Hamilton. In England: Simmonds Aerocessories, Ltd., Treforest, Wales.

•T.M. Reg. U. S. Pat. Off.

New GF *Mode-Maker* Desk

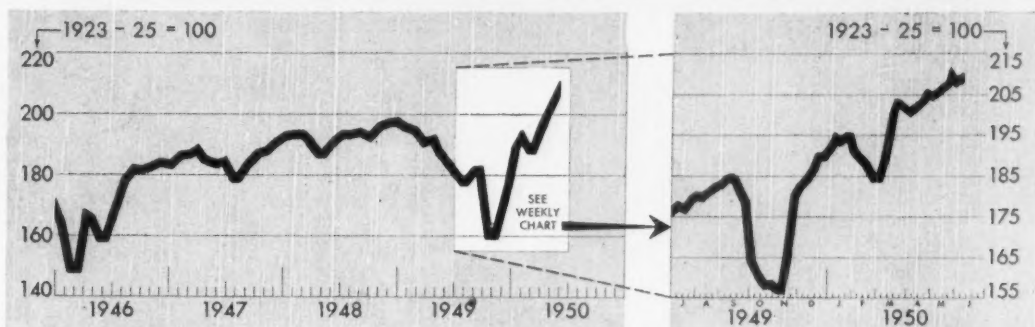
Flat Type SPEED NUTS attach desk to pedestal. Reaching inside pedestal, assembler uses finger pressure to position and hold SPEED NUT, then drives screw with power screwdriver. Provides speedy, vibration-proof attachment.

Self-retaining "U" Type SPEED NUTS secure dust hood to desk top (see diagram).

TINNERMAN *Speed Nuts*

FASTEST THING IN FASTENINGS

FIGURES OF THE WEEK



Business Week Index (above)

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Business Week Index (above)	*211.4	†210.2	206.3	185.8	162.2

PRODUCTION

Steel ingot operations (% of capacity)	101.1	101.3	101.3	86.7	97.3
Production of automobiles and trucks	200,663	†146,825	174,480	137,013	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$43,556	\$40,453	\$35,796	\$30,162	\$19,433
Electric power output (million kilowatt-hours)	5,921	5,632	5,864	5,300	3,130
Crude oil and condensate (daily average, 1,000 bbls.)	5,305	5,205	5,118	4,931	3,842
Bituminous coal (daily average, 1,000 tons)	1,689	†1,681	1,803	1,868	1,685

TRADE

Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars)	76	76	74	72	86
All other carloadings (daily average, 1,000 cars)	53	54	50	59	52
Money in circulation (millions)	\$27,079	\$27,088	\$27,041	\$27,484	\$9,613
Department store sales (change from same week of preceding year)	+1%	†+2%	-10%	-8%	+17%
Business failures (Dun & Bradstreet, number)	164	168	217	174	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Apr.	167.3		167.0	169.7	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100)	398.2	397.8	382.5	340.5	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	242.8	239.9	227.0	212.9	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)	328.1	330.1	323.7	295.2	146.6
Finished steel composite (Iron Age, lb.)	3.837e	3.837e	3.837e	3.705e	2.396e
Scrap steel composite (Iron Age, ton)	\$39.58	\$40.92	\$32.42	\$20.92	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	22.500e	21.600e	19.500e	16.775e	12.022e
Wheat (No. 2, hard winter, Kansas City, bu.)	\$2.20	\$2.25	\$2.32	\$2.14	\$0.99
Sugar (raw, delivered New York, lb.)	5.75e	5.75e	5.70e	5.85e	3.38e
Cotton (middling, ten designated markets, lb.)	33.95e	33.78e	32.66e	32.95e	13.94e
Wool tops (New York, lb.)	\$1.984	\$2.037	\$1.948	\$1.598	\$1.281
Rubber (ribbed smoked sheets, New York, lb.)	31.50e	33.35e	28.08e	16.46e	22.16e

FINANCE

90 stocks, price index (Standard & Poor's Corp.)	152.5	149.2	145.5	109.3	78.0
Medium grade corporate bond yield (Baa issues, Moody's)	3.27%	3.26%	3.25%	3.47%	4.33%
High grade corporate bond yield (Aaa issues, Moody's)	2.62%	2.62%	2.61%	2.71%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	14-14½	14-14½	14-14½	14-14½	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	14-14½	14-14½	14-14½	14-14½	4-4½

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	47,519	47,533	46,881	46,295	††27,777
Total loans and investments, reporting member banks	66,960	†67,103	66,401	61,916	††32,309
Commercial and agricultural loans, reporting member banks	13,394	†13,359	13,365	13,424	††6,963
Securities loans, reporting member banks	2,365	2,428	2,399	1,803	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	36,183	†36,456	35,899	34,347	††15,999
Other securities held, reporting member banks	5,685	5,614	5,584	4,473	††4,303
Excess reserves, all member banks	750	530	760	921	5,290
Total federal reserve credit outstanding	18,143	17,935	17,978	19,956	2,265

*Preliminary, week ended June 10.

††Estimate (BW—Jul. 12 '47, p.16).

*Revised.

§Date for "Latest Week" on each series on request.



"THIS IS MY HAND—AND I'M KEEPING IT!"

The story of a worker in a New England textile mill

"When I told my wife about my job on the bobbin stripping machine, she gave me an awful jolt. Have you ever seen one of those machines work? You put a bobbin in a trough, touch a treadle with your foot — and a plunger pushes the bobbin between two knives and slices off the thread.

"So my wife says, 'Some day you're going to leave your hand under those knives. Then what happens?'"

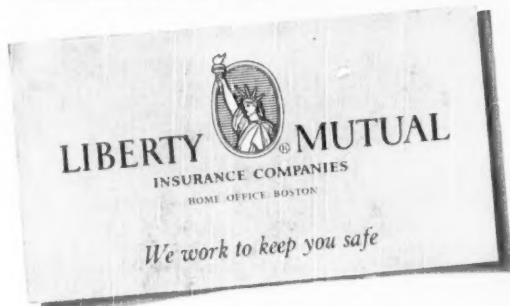
"I'm no fool," I says. "This is my hand—and I'm keeping it!"

"Well, someone else was worrying about that machine. The maintenance supervisor and a guy from the insurance company gave it the once over and next thing I knew, the boys in the machine shop were working on the darndest gadget you ever saw. Now, every time I put my foot on that treadle, a hood comes down — and I couldn't get my hand in those knives if I tried.

"Listen," my Super says, "this plant has gone 4,000,000 man-hours without anyone getting hurt — and we're not going to stop now."

"It made me feel 'good to hear him talk that way. When they take that much trouble to keep a man safe, you can bet it's a good place to work" . . .

Liberty Mutual has helped 3,000 policyholders establish records of 1,000,000 man-hours or more without lost-time accident. This has greatly reduced the cost of their Workmen's Compensation insurance. Workers have benefited, too, by gaining the best kind of security — freedom from fear of painful injuries or death.



LIBERTY MUTUAL INSURANCE COMPANY
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★ *We work to keep you safe* . . . by providing protection for business, home and car owners . . . by removing the causes of home, highway and work accidents . . . by relieving the pain and financial burden of accidents by prompt and friendly handling of claims. ★

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
JUNE 17, 1950



Industry faces a big arms-making job over the next few years.

Just how big hasn't been settled yet. The size depends on (1) how fast military chiefs think defenses must be built up, and (2) how much more the economy can take without dangerous inflation. Estimates point to an extra \$12- to \$20-billion, spread over five years.

The plan is to arm ourselves and our allies with the latest weapons.

This decision has been made. Now comes the "educational campaign" to convince the public and Congress that this is the way out of the cold war into peace. You see the drift in the rush of "authoritative" news on new and heretofore secret arms we can make to hold Russia back.

The reasoning behind the "strength" theory comes down to this:

War is unlikely in the next two or three years. True, Russia has the power to grab off Europe. She has the army and weapons. But it would mean atomic war—and the U.S. is ahead on A-bombs.

Europe herself can hold Russia off in a few years, if we help fit out her forces with proper weapons. These would be designed to prevent the massing of an attack army on the ground and beat back air assaults on big cities.

The hope is for a sort of military stalemate. Out of it, peace might grow once Russia is convinced she can gain nothing from war.

The policy and the talk about it are supposed to be reassuring. At home, the effort to win support for stronger defenses will bear down more on peace prospects than war dangers. Abroad, the aim is to calm western Europe by putting across the idea that safety from Russia means small modern armies—not the burdensome mass armies of the past.

The big hitch: New weapons to back the policy still are largely on paper. Producing them will be costly, and Congress must be persuaded to vote the money. But this is a job for next year. This session is too far along.

Key to adjournment is Truman's spending program. Appropriations are behind schedule, which will delay new contracts. But once Congress O.K.'s the \$40-odd billion for fiscal 1951, which starts next month, the rush to adjourn will be on. That makes the money-bill timetable worth noting.

The omnibus bill will reach the Senate in two to three weeks. That's the House bill carrying nearly \$30-billion of what Truman wants.

Senate debate will run three weeks at least, and may run a month. So the earliest to expect the Senate's approval is late in July.

Then comes the House-Senate conference to iron out differences. This will take until mid-August, or longer. The economy wrangle will be bitter.

Thus it will be along towards Labor Day before the session ends, and before you have the final verdict on all the bills which may affect you or your business. Talk of a late July adjournment is "bait" put out by congressional leaders to get the lawmakers down to work.

Truman still wants an excise-tax cut. But only if his terms are met: The lost revenue must be made up. Otherwise, he will slap on a veto.

Prospects remain uncertain. Delay in the House, plus dissatisfaction

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
JUNE 17, 1950

with both cuts and efforts to make up the revenue, work against enactment. But leaders said again this week they will try to get up a bill in the House and Senate, so members who "have commitments can go on record."

•
Social-security expansion, a "must," is in the clear. There will be a conference tangle over coverage, disability benefits, and amount of income subject to the payroll tax. But there's little or no chance that conflicts will block final action. The higher benefits will become effective in the fall, and expanded coverage on Jan. 1. The payroll tax will be frozen at the present rate, 1½%.

•
Rent control: This looks like the last extension. Even some "liberals" are turning against ceilings, arguing that rents now are a local problem.

The postal-rate rise is still on the doubtful list. Postmaster Donaldson's cut in postal service hasn't helped the bill.

The new highway-aid bill will be pushed through so state legislatures meeting in January can act on their road-building plans.

•
More synthetic rubber for small businesses is a project of Sen. Sparkman's new Senate small business committee. Synthetic is doled out on an historical allocation basis. The plan is to get the government to let small firms have what they need to fill extra orders (page 26).

How the small firms are doing on government contracts will be looked into. They are getting a bigger share of Pentagon and general services orders. But the committee thinks it is still too small.

•
Georgia's fight on freight rate "discrimination" in the South has worked itself into a corner. The special master has held that the state failed to prove injury to the South—even though the railroads violated the antitrust laws. But there's no sting in it for the rails: The Reed-Bulwinkle act now exempts their rate-making bureaus from the antitrust laws.

•
A decision of eligibility for radio and television licenses is due shortly from the Federal Communications Commission. It will determine whether companies that have violated antitrust laws outside the radio-TV field can qualify for licenses. It may upset the TV ambitions of the big movie makers. The ruling is expected in a month or two.

•
Note Commerce Secretary Sawyer's criticism of antitrust policy. His stand is that 60 years of shifting court decisions and administrative rulings have produced so much confusion that the statutes should be revamped. And he cautions that the tendency to base antitrust actions on such things as size and parallel prices can put a limit on effective competition.

It's a hot issue within the Administration. Even the Justice Dept. and the Federal Trade Commission can't agree on what the law is. But Sawyer's reason for bringing the issue out is significant: He can't get Justice and FTC to go along with his plan for a policy statement to guide business.

The page you're looking at now...

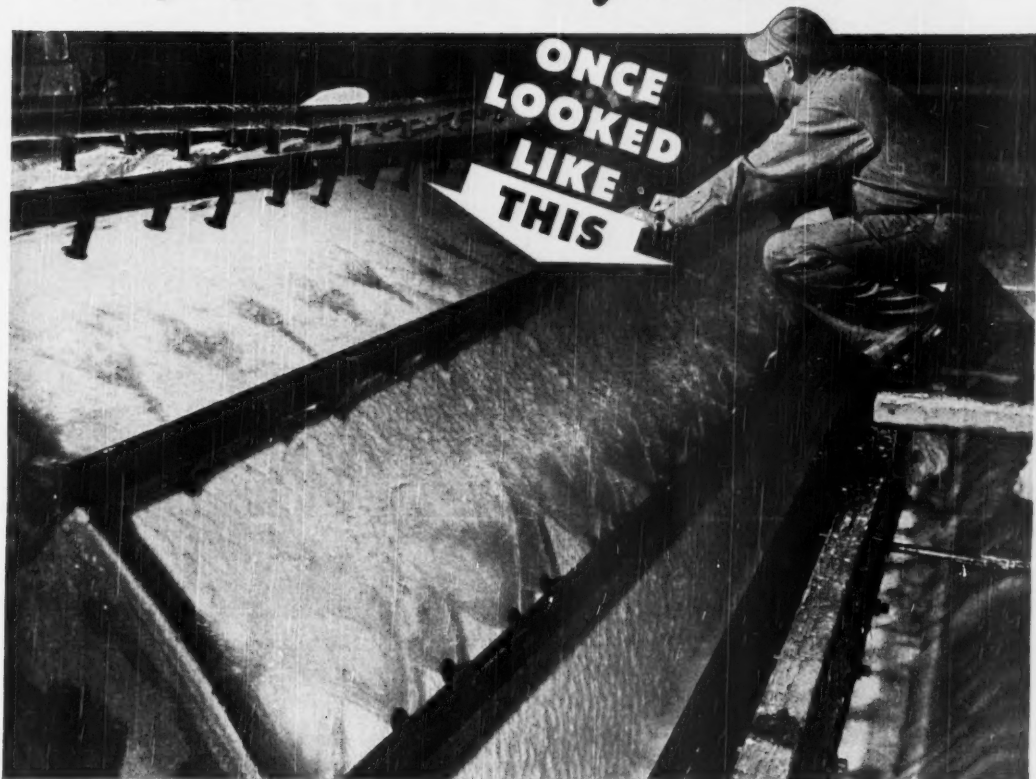


Photo Courtesy of Oxford Paper Company

Yes, that's paper pulp you see, above, running through the "washer" in a modern paper mill. And in its long journey from wood pulp to printing press, *paper depends heavily on COAL.* In fact, there's an old saying that "It takes a pound of coal to make a pound of paper."

Americans use a tremendous amount of paper in their daily lives . . . more than 330 pounds per year for every man, woman and child. And nearly *three-fourths* of all the heat and power used in papermaking comes from coal!

To meet the needs of the pulp and paper mills for low-cost heat and power, the coal industry provides a dependable supply of specified grades of coal. It is doing the same for other customers—railroads, steel, public utilities, cement, chemicals, food packers—and the coal dealers who serve millions of homes, farms and stores.

America's progressive coal operators are ever on the alert to provide better and better products for ever greater utilization. And to that end they

are investing huge sums in research, in mining equipment, and in preparation plants that not only keep coal competitive with other fuels but which also enable it often to surpass them!

And that's a fine thing for America's future, when you realize that coal is the nation's most abundant fuel resource . . . the one fuel whose reserves are almost limitless.*

● *To continue to serve the nation's industrial and domestic needs for fuel, and to play its vital part in our national defense requirements, the coal industry seeks only the opportunities provided by fair and free competition.*

* Ninety-five per cent of our total known reserves of fuel energy is represented in coal deposits.

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BITUMINOUS COAL INSTITUTE

A DEPARTMENT OF NATIONAL COAL ASSOCIATION
WASHINGTON, D. C.

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CUT down unit COSTS**



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OIL with an engineering degree means quality Texaco lubricants recommended by skilled Texaco Lubrication Engineers.

Backed by years of engineering experience and cost-saving data gathered from every major field of industry—these experts analyze your plant operations, make specific recommendations. Then—you get the right Texaco lubricant in the right quantity, in the right place, at the right time (from the nearest of the more than 2,000 Texaco Wholesale Distributing Plants).

Stepped up output and lowered unit costs, benefits assured by using high quality Texaco products and the serv-

ices of skilled Texaco Lubrication Engineers, can be yours through . . .

★ One Purchase Agreement.

One of many cases: The specific job was cutting internal splines (see photograph above). The change to a Texaco cutting oil, as recommended by the Texaco Lubrication Engineer, immediately increased broach life 50% and eliminated sizing difficulties.

For further details call or write the nearest Texaco Wholesale Distributing Plant or The Texas Company, 135 East 42nd Street, New York 17, N. Y.



The Texas Company

More than 2000 Texaco wholesale distributing plants in all 48 States—to serve all your plants.



THE STEEL MILLS keep right on adding to their capacity. But the tightening supply and soaring price of scrap, plus insatiable

demand for finished steel, puts constant pressure on steel prices. All in all, this is . . .

THE STORY ON STEEL

Prices Up, Demand Up, Capacity Up

For nine weeks in a row, steelmakers have been operating above theoretical capacity, and there's no letup in sight.

Right now, steel consumers are paying more for their steel than at any time since the first World War. Multiply the bulging price structure by record steel consumption and you get the biggest steel bill in history for consuming industries.

• **Increases**—Week after week, prices of the steel products in shortest supply are being marked up piecemeal by smaller producers. This week, for example, Superior Steel Corp. boosted its price for hot rolled strip by \$5 a ton.

Premium prices on steel bought in conversion deals or in the gray market are at new high altitudes. Cold rolled sheets are selling in the gray market for as much as \$200 a ton.

Almost certainly, there will be other scattered advances by higher-cost producers. The trade talks about a widespread lifting of prices on stainless grades and other alloy steels.

But so far, there are no indications that major producers are going to follow the lead of the smaller units. Companies accounting for the bulk of production are not yet ready to notch up prices even on the hardest-to-get items, much less to put through an across-the-board increase. The last general price

advance went into effect December, 1949, when published base prices and extras went up enough to add about \$4 a ton to average steel costs. Since December, prices have kept on edging up—for two reasons:

• **A sharp rise in the cost of steel-making scrap.** About a month ago, No. 1 heavy melting scrap was selling at \$32 a ton; in three weeks, that price has climbed to \$46 a ton at Pittsburgh.

• **The mere fact, in some instances, that customers were willing to pay more if they could get the steel they wanted.**

• **Demand**—This avid demand for steel shows no signs of letting up. This week—for the ninth week in a row—steelmaking furnaces were scheduled to operate at more than 100% of rated capacity. For nine weeks, production has exceeded 1,900,000 tons a week, an output never attained before 1950.

In May, the mills chalked up the greatest production for steel in any month in history—8,549,038 tons of ingots and steel for castings. This was 147,000 tons more than in March, 1949, the previous high month.

• **Backlogs**—Most mills turning out the flat-rolled products that are in tightest supply have more orders than they

know what to do with. Some mills are so far behind delivery schedules that they will have to use part of their third-quarter production to clean up orders booked for delivery in the second quarter.

The third quarter already looks like a sellout for most types of steel. And although mills usually schedule production only three months in advance, enough orders are in sight now to indicate that the fourth-quarter output will be quite high. Even if the automobile and construction industries should taper their orders during the fourth quarter, the steel industry could hardly fall below the zone of 75% to 90% of capacity.

Steel companies know that the best way to get demand and supply back into balance is to keep production at the highest possible level. Steel men figure that their only hope is to keep production running at 100% of capacity as long as possible. They are expecting that production may fall off a few points during July and August because of hot weather.

• **Capacity**—High-level production is only a temporary treatment if the tight supply continues, however. The real cure is capacity. Again this year, the steel companies are doing something about this. A survey by Iron Age shows that steel companies are adding more

than 2-million tons to their annual ingot capacity in 1950. In addition, the mills have already scheduled an increase of 1,790,000 tons for 1951.

Last week, Bethlehem Steel Co. announced that it is sinking \$32-million into modernization and expansion of its Johnstown, Pa., mills. Granite City Steel Co. said it planned to boost output of cold-rolled products by spending \$2,600,000 on plant improvement. Both the Bethlehem and Granite City plans are extensions of postwar expansion programs completed earlier.

• **Materials**—Greater capacity, of course, calls for larger supplies of raw materials. The mills have no major worries now as far as iron ore or limestone are concerned. The iron ore problem was licked earlier this year (BW—Feb. 11 '50, p19), and limestone is one thing steel men have never worried about. The steel industry does feel some concern about supplies of metallurgical coal. But that is a long-range worry like the iron ore problem.

The current pressing problem is the supply—and the price—of steelmaking scrap. When demand for steel went through the roof right after the steel strike last fall, the drain on scrap supplies was accentuated. Some mills had fairly heavy inventories and arrangements to pick up scrap from their customers. These provident folk have not been hurt much to date. But others have seen their stocks of scrap go down to dangerously low levels.

It was their heavy buying that shot the price of scrap skyward. Lusty buying by the mills made it easy for scrap dealers and brokers to ask for and get higher prices—with an immediate effect on steelmaking costs. Companies using high scrap charges have felt the effects of higher scrap costs the most. Operators of electric furnaces have taken a special beating because scrap is the only charge they use.

• **Toned Down**—Fortunately for everyone except scrap sellers, the market toned down this week. As the price began to approach the \$50 mark, most steel mills refused to buy scrap. Prices actually began to weaken in Pittsburgh.

If the price of scrap stays within reasonable limits, and other costs do not advance, major steel producers are less likely to advance their own prices. And, as customer pressure for steel lightens, companies raising prices now may have to drop them in order to be competitive again.

• **Foreign Scrap**—Steel men have used one other method to hold the price of steel scrap within bounds. They have been picking up scrap overseas at prices below current U.S. quotations. Last year, the industry imported nearly 1-million gross tons of scrap, mostly from Germany and Japan. Earlier this year, scrap imports had not amounted to much. But within the last fortnight, several American steel companies contracted to buy several hundred thousand tons of foreign scrap.

Arctic Antitrust

Justice Dept. tags Alaskan business with 11 antitrust suits. Sourdoughs are puzzled; but if it cuts c-of-l, they're for it.

Alaskans aren't sure what to make of the 11 antitrust suits that Justice Dept. brought against Alaskan business last week. Twenty-three corporations, 138 individuals, and one trade association were tagged. The government roped in many of the outfits that sourdoughs have long griped about—and a lot of their friends, too.

In the biggest antitrust drive ever launched in a U.S. territory, the government charged with monopoly and restraint of trade:

Alaska Steamship Co. of Seattle, which controls 90% of the water transportation between U.S. and Alaska, and does some \$16-million of business per year;

Healy River Coal Corp. and two other coal companies, which control and produce and sell about 95% of Alaska's \$5-million coal and lignite industry;

Five liquor wholesalers in Seattle and Anchorage, which do 98% of the \$10-million Alaskan liquor business.

Besides these, Justice Dept. filed suits against dozens of saloon keepers in Anchorage, Seward, and Ketchikan, against meat dealers in Ketchikan, and against taxicab owners and dry cleaners in Anchorage. All were charged with fixing prices and squeezing out competition.

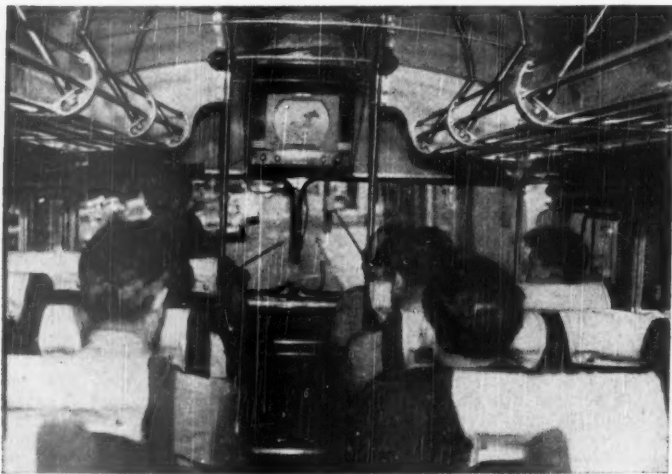
And, said Attorney-General McGrath, these cases are only "the first phase"; there will be more suits later on.

• **"Good Thing"**—Alaskans are inclined to echo the sentiments of their congressional delegate, E. L. (Bob) Bartlett: "If the result is to encourage competition and reduce the cost of living, it's a good thing."

High cost-of-living has been one of the basic complaints of Alaskan boosters—and they have long laid much of the blame on the high cost of transportation. Hence, there's no doubt that for most Alaskans the suit against Alaska Steamship Co., owned by the Skinner group of Seattle, will be followed with great interest.

Many an Alaskan up to now hasn't realized that practices of the sort charged in the antitrust suits were illegal. They would figure it is "just business" for company A to tell a customer he'd better not do business with company B—on pain of losing certain essential services which only company A could supply.

On the other hand, the Alaskans hope



Ride a Bus and See the World—on TV

Bus riders on the San Francisco-Los Angeles haul can relax into their cushions and watch their favorite television show—or somebody's favorite, anyway—when the view from the window falls. LASF Shortline Bus Co. has mounted a table model TV set in one of its

big carriers, installed a gasoline-powered generator to operate the set. Officials say you get a clear image over about 60% of the route—even in highway tunnels. Note to nervous travelers: The driver can't see the screen.

that the net result of the antitrust suits—if the charges are proved—will tend to encourage small business to grow in the territory.

• **Help Wanted**—Right now, Alaskans may well emphasize the opportunities for the small business man. Two of their biggest new industrial projects are standing still. The plans of the Aluminum Co. of America for an aluminum plant, and plans of a group of investors for a newsprint plant in Alaska haven't advanced significantly in a couple of years. Biggest boost the Alaskans have had recently is the preliminary announcement of the 1950 population of the territory: 135,000. That's an increase of 55% in a decade. Indian and Eskimo population has stood still at about 35,000; military population is up from 300 to 15,000.

• **Who's Next?**—As to the antitrust cases that McGrath warned were to come, you can run down the list of Alaska's big business and find a number of potential candidates: salmon canning, gold mining, fur, and timber.

By far, the most important of these is the salmon industry. It dwarfs all the others.

Picture of a Happy Man: The U. S. Consumer

Consumers came through the 1949 recession with hardly a scar on them. At the start of 1950, seven out of 10 still held some liquid assets; 32% thought they were better off than they had been a year earlier; and most of them were generally optimistic.

That's the picture that you get from the Federal Reserve Board's first detailed report on the findings of its 1950 survey of consumer finances. The board's study, released this week, is the first of a series that will spell out last April's flash report on survey findings (BW—Apr. 15 '50, p. 9).

• **Findings**—You can see from the FRB figures that consumers felt the slowdown in business during 1949—but not very much. Only about 20-million of the nation's 52-million spending units (groups of people living together and pooling their incomes for major expenses) reported that their 1949 incomes were higher than 1948. Some 13-million spending units had lower incomes. This is the smallest number of year-to-year increases that the board has found during the postwar period. But the balance is still on the side of increases.

For the first time since the end of the war, the survey also spotted a small increase in the proportion of low-income spending units. Those with incomes of less than \$2,000 increased from 30% to 33% of the total.

Capital Spending: The Upturn Is Now Official

	1949				1950		
	(Millions of Dollars)						
	Jan.- March	Apr.- June	July- Sept.	Oct.- Dec.	Jan.- March	Apr.- June	July- Sept.
Manufacturing	1,850	1,880	1,690	1,830	1,520	1,970	1,920
Mining	190	190	180	180	150	160	170
Railroad	360	380	310	300	230	300	290
Other transportation	130	140	140	120	80	90	100
Electric and gas utilities	680	780	790	890	650	850	820
Commercial and misc.	1,260	1,290	1,260	1,320	1,060	1,170	1,180
Total	4,460	4,660	4,370	4,630			
New Estimate	→				3,700	4,530	4,480
Previous Estimate	→				4,110	4,260	7,320*

(*second half)

(*second half)

Plant Outlays Start Climbing

Latest government estimates show that business is now scaling up its plans for capital spending. Long downtrend hit bottom in the first quarter of this year; third quarter will top 1949.

The revival in capital spending keeps growing while you watch it. Businessmen are scaling up their plans for modernization and expansion so fast that statisticians can't keep up.

A month ago, a BUSINESS WEEK survey found that the long decline in capital spending had ended (BW—May 20 '50, p. 19).

This week, the Dept. of Commerce and the Securities & Exchange Commission brought out the midyear revision of their estimates of planned expenditures on plant and equipment in 1950 (table, above). It was slightly more optimistic than BUSINESS WEEK's survey.

It's plain now that capital spending hit bottom in the first quarter of this year. The pickup started in the second quarter, and it will gather speed in the next three months. In the final quarter of 1950, there will be a natural seasonal lift to help it along.

All in all, the totals for the year shouldn't run far behind 1949. And the momentum that's built up in the last half of this year should get 1951 off to a flying start.

• **Trend Turns Up**—According to the new official estimates, business will still spend less for new plant and equipment this year than last. But the trend is what counts, not the annual totals. And for the first time in a year and a half, the trend is officially upward.

By the third quarter of this year, capi-

tal expenditures will be 3% above the 1949 level. And the second and third quarters taken together will be even with last year. From the beginning of the 1949 recession until now, each quarter has been below the corresponding period of the previous year.

• **Revisions**—Even the nine-months' total doesn't look bad now. According to the new figures, business will spend \$12.7-billion on new plant and equipment in the first nine months of 1950. This will be only 6% less than it spent in the same period of 1949.

At the beginning of this year, the Commerce-SEC forecast indicated that capital spending in 1950 would be 11% behind 1949.

• **The Bottom**—At the bottom of its downswing—in the first quarter of this year—capital spending was a lot lower than even the forecasters had expected. The original Commerce-SEC estimate for the first quarter was \$4.1-billion. Actual outlays were only \$3.7-billion.

One reason for the big drop was the shortage of steel that followed the coal strike. Another was bad weather. About one-third of all business capital outlays goes for construction. And bitter weather in the late winter slowed up outdoor work.

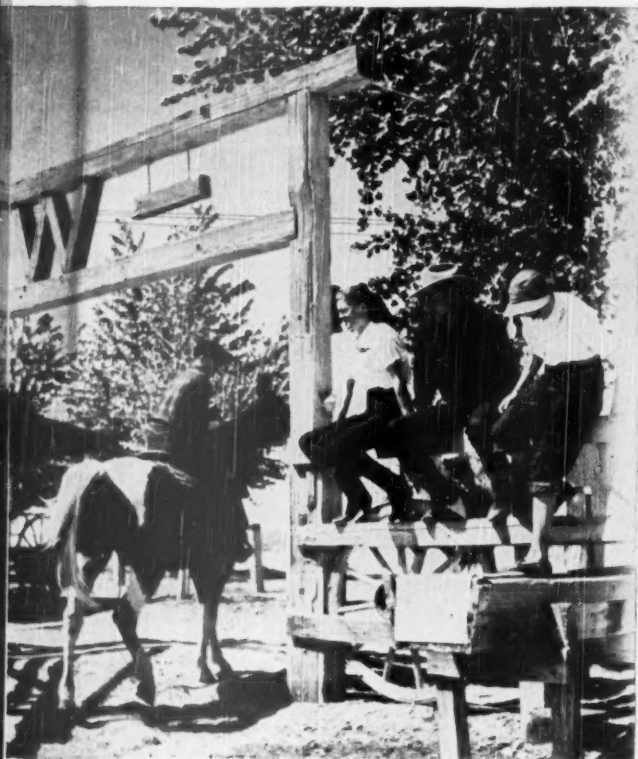
Expenditures that couldn't be made in the first quarter were rolled over into the second and third. And this helped start the turn-around.



"THE STRIP," eight miles of hotel casinos from the airport to Las Vegas, was homesteaded by such hardy pioneers as the late "Bugsy" Siegel. Next settler: "Mae West's Diamond Lil Gambling Casino."



ROULETTE is favorite game at Wilbur Clark's new \$4-million Desert Inn. \$750,000 changed hands on first night. Gambling rooms throughout city stay open 24 hours a day.



DUDE RANCHES provide fresh air, six-week residences for three-minute divorcees. 1949 score: 3,008, keeping 61 lawyers busy.



GLITTER GULCH, Las Vegas' main drag, still draws mass tourist trade despite fancier competition from "The Strip."



SLOT MACHINES are licensed by city fathers. You can play for a cent or a silver dollar. Payoff percentages are high.



JILLIE SHOW at Last Frontier Hotel is Broadway quality. Luxury slots offer headliners like Edgar Bergen. Food and drink are cheap. Big money comes from gambling.



PLAYHOUSE at Desert Inn. While momma gets divorced, or poppa shoots craps, kiddies are under the wing of a child psychologist. City schools help local industry by taking six-week students.



WESTERN clothes, souvenirs make Las Vegas sales huge: \$36.7-million in 1949.



MARRIAGES can take 2 min., \$15. Five times as frequent as divorces—16,578 in 1949.



TRANSPORTATION by air to Los Angeles is fast, helps make weekends boom.

Las Vegas: Sin and Sun Pay Off

Groucho Marx was interviewing a girl from a Las Vegas marriage chapel.

Girl: "Well, for \$15 you get the license, ceremony, two witnesses, music. For \$25, you get a live organist."

Groucho: "Here's \$15. I'll take the dead organist."

In addition to canned organ music, you can get almost anything in Las Vegas. Especially, you can get all the forbidden fruits. For Las Vegas has made a civic virtue out of sin.

The state of Nevada has no inheritance, income, or sales taxes. Roulette wheels (at \$600 each per year), slot machines (\$100 each if under six, \$120

if over), liquor licenses (\$1,100) help the human weaknesses pay nicely. And Las Vegas' share of the state's annual take is estimated at about \$1,500,000.

Checks are small. You can see a floor show at a swanky night spot for the price of a coke. Average double room at one of the city's five luxury hotels is \$7.00, at one of the 61 motels, \$3.00. And they'll walk your dog while you dress in blue jeans or black tie.

Only industrial plant is Basic Magnesium, leased from the U.S. government by the state (BW—Oct. 25 '47, p. 26). Twenty private companies, mostly chemical firms, lease space in it.

Nearby air base adds 3,000 paychecks.

But the main business of Las Vegas remains: tourists. In 1939, Las Vegas had a population of 8,000 and 750,000 tourists. In 1949, the town had grown to 25,000, and its tourists to an estimated 2,500,000. Air travel makes it accessible to time-limited free-spenders from Texas and Los Angeles. Nearby Lake Mead, Hoover Dam, Grand Canyon help bring in the family trade.

On the future book: a \$2-million race track already started by Joe Smoot, builder of Hialeah; a hotel to be named for its owner—"Mae West's Diamond Lil Gambling Casino."

HINTS OF INFLATION SHOWING UP

For months, the business boom has had elbow room. The cost of living, the cost of goods, generally, have hardly budged. There have been no shortages. But in the last few weeks, the signs have been piling up that the economy is bumping at the line that separates good business from hysteria. Gathered on these pages are a few case studies.

I. Nonferrous Metals Tighter

You can't take a photograph of a boom. But you can see its footprints as it tracks through the nonferrous metal markets.

Industry has been making frenzied attempts to sustain the higher level of business activity by building inventories. Government stockpiles are in the act, too. These moves have given metal production and prices a boost and cut heavily—sometimes too heavily—into stocks.

• **Copper**—By the end of May, copper stocks in the hands of producers had dropped to 51,000 tons—the lowest in five years. Last November, stocks stood at 159,000 tons. Copper content of fabricators' April shipments was 120,000 tons. At that rate, producers' stocks amount to less than a two-week supply.

At the start of 1950, copper users were chewing up just about the same amount of metal as last year. But the trend has been up—it was down sharply early in 1949. So fabricators' April consumption was about double what it was last April. For 1950's first four months, the gain was 24%.

Manufacturers trying to build stocks in order to beat the inevitable price rise were getting nowhere. Fabricators' stocks at the beginning of the year were 355,000 tons. By the end of April, they were only 358,000 tons. At the beginning of April, the price was 18½¢ a lb.—today, it's 22½¢—a 22% rise.

• **Zinc**—Zinc, too, is reacting to terrific demand. In May—the best shipping month since November, 1948—stocks dropped under 53,000 tons. Last October, they were almost 98,000 tons. Prime Western zinc at 15¢ is up 54%.

Supplies of short nonferrous metals increase as price goes up. The marginal mines again become profitable. But it takes time. And the record-breaking output of the auto industry, coupled with the enormous appetite of construction projects, eats up huge quantities of metal.

• **Lead**—Most metals—except those in plentiful supply—show some increase in price since the beginning of the year. But it isn't unanimous. Lead was down to 10½¢ in March. And it has just made it back to January's 12¢ level.

Straits Quality, NY, tin was 77½¢ a

lb. in January. In June, it was 78½¢. Quicksilver is plentiful—with no price rise.

The remarkable demand for most important industrial metals is further highlighted by the rise in aluminum ingots. They rose ½¢ in May to 17½¢ a lb. It was the first rise since October, 1948. And nickel took a single leap from 40¢ a lb. to 48¢. Magnesium, f.o.b., Freeport, Tex., took its first rise since 1943, went from 20½¢ a lb. to 21½¢.

In the words of one market expert, "It's quite a market."

II. Freight Cars

"There ain't enough freight cars to haul our grain!" That's always the howl from the big wheat-growing states in the Southwest at this time of year. And, if you'll lend half an ear, you'll hear it now.

That's rather surprising, since the wheat crop isn't anything to brag about yet. But business generally is moving fast enough to tie up cars that might be hauling grain. The 1950 harvest is not very far along, even in the earliest winter wheat areas. And there was no wheat stored on the ground at the beginning of this week for lack of boxcars or covered hoppers to take it to terminal elevators.

But the grain combines are beginning to whir their way north over the main harvest area. And, as the harvest gets into full swing, there will be wheat stored on the ground. Everybody agrees to that.

• **Railroads' Fault?**—Railroad men don't necessarily accept any part of the blame. Most of the roads directly concerned with hauling early harvested wheat said this week that there was no car shortage yet. Those railroaders who feel there's a shortage in the Southwest say they can't get cars off the eastern lines. And the eastern roads answer that car shortages built up in their territory during the recent firemen's strike.

• **Or Washington's?**—Some claim the trouble traces directly to Washington—to the Commodity Credit Corp.'s doorstep. This argument concerns wheat left over from previous crops.

This old wheat has to be stored just like the incoming crop. Last year, storage capacity in southwestern terminal areas was 175.4-million bu.; old wheat took up about 96.2-million bu. worth of that space. This year, capacity has been increased to 193.3-million bu. But there are 138.1-million bu. of old grain in storage. So the available capacity for new wheat is 24-million bu. less than a year ago.

Southwestern railroads argue that much of this old grain should have been shipped out before now to make way for the new crop. They say that CCC should take title before May 1 to wheat on which farmers have government loans. That would allow more time to ship it to other storage areas.

Then, too, the roads say that part of the present pinch stems from desperate last-minute efforts to ship the old wheat out.

• **Too Few Cars**—But the arguments don't end there. There is the old contention that the railroads don't own enough cars to meet peak traffic movements. And, because of pinched incomes and the steel shortage, the carriers may not have been reconditioning bad-order cars as promptly as might be desired.

The railroads put into service only 9,054 new boxcars in the 12 months ended Apr. 30. In the same period, they retired 30,639 over-age boxcars. Thus they had on hand 707,496 boxcars on Apr. 30 against 729,081 a year earlier.

• **Heavy Loadings**—Meanwhile, railway freight loadings (in all types of cars) recently have caught up with year-ago levels—and there are fewer cars to handle the cargo.

Finally, there's another angle on wheat movement. A car may be perfectly serviceable for hauling machinery or packaged goods and yet not be any use for small grains. Cracks or missing floor boards would sift the wheat out along the track—and it's not much good for ballast.

III. Lumber: Tight

The squeeze is really on in lumber. Mills are shipping faster than they are producing. The 429 mills that report to the National Lumber Trade Barometer show shipments for the year 13.3% above production.

There are some discordant notes in the picture, but that's the over-all view.

It's the building boom that has done it, of course. Not even rising prices have slowed the terrific demand. In areas where other building materials

are plentiful, as in Seattle and Minneapolis, there's no lumber to spare.

• **Prices Jump**—Prices have been going up gradually since the first of the year. But the sharp jump has just started. Last week, Engineering News-Record, a McGraw-Hill publication, found that the average lumber prices for 20 cities jumped 15% since the beginning of the year—7% of it in the last month. That puts prices some 14% higher than they were this time last year.

Even in plywood, which is in "reasonably good" supply, prices are climbing sharply. All mills have heavy order files, and prices are quoted at the time of shipment—to take advantage of any further price rise. The typical grade of plywood, 4-in. interior grade, has gone up over 10% since the first of the year. Plywood suppliers say there are two reasons: labor pensions, and competition for high-grade logs.

• **But**—The discordant note is this. Lumber production and shipment statistics have dropped continuously since the beginning of May. New orders have been falling off since the middle of April.

On the surface, these statistics point to a slowdown in lumber demand. But they should be taken with a lot of salt. For one thing, the reporting mills don't cover the lumber mill industry; the marginal mills which come in at a time like this are ignored; and the types of woods reported make up as little as 10% of the total output of those woods.

Then, strikes in some of the northwestern mills cut down on the reported production and shipments figures.

But these straws do bear watching. In California, lumber demand is off. And in New York, inquiries for green fir are down. Most central and western builders buy green fir only if they can't get the kiln-dried product readily. So any real softening of demand should show up first in green-fir sales.

IV. Cement: Spotty

Cement production is buzzing along in high gear. Like lumber, it has the building boom to thank; and it has another prop that lumber doesn't have—highway construction.

• **Spots and Spots**—There isn't a widespread shortage. The shortages are there, in the South and the Southwest. But in the East, production is keeping up with the high demand.

Over-all statistics don't show the true picture right now; neither do they show up the spottiness. Thus the Bureau of Mines' Mineral Industry Surveys show production for January through April off 3% from the same period in 1949; they show stocks at about the same level as a year ago. But statistics cover some violent movements. If you

compare the January through April regional figures of 1950 with 1949's, you find these wide divergences: Kansas shipments of cement are up 48%, stocks are down 53%. Texas shipments are up 27%; stocks down 27%. On the other hand, Illinois shipments are down 29%; Oregon, down 22%; Washington, down 22%; and Iowa, down 18%.

• **No Agreement**—Leaders in the industry don't see eye to eye on the prospects. Some see over-all shortages in the next few months. Some think business will be fine—operating at near peak capacity, as it is now—but output will take care of all needs. In some areas, you even hear rumblings of a black market.

V. Housing: Costly But Booming

Last week, a New York suburban home builder took a half-page newspaper ad to tell prospective buyers he had raised his prices \$1,000. He said he couldn't help it: Costs of \$16,950 and \$18,500 homes were up that much.

All over the country, the same thing has been happening, and it's been happening fast—mostly in the last month or so. From Boston to San Francisco, it's the same story. Builders are either giving less for the same money, shaving down their profit margins, or boosting their selling prices.

• **Costs Go Up**—They all put the finger on rising materials costs, and they almost all prefix their remarks with: "I don't like to do this at a time like this; I can't be sure what the market effect will be, but..."

While the situation varies somewhat from area to area, price movements are surprisingly consistent—between 5% and 8% more than selling prices a year ago, with talk of more boosts to come before fall. That would put home prices close to the peak of October, 1948.

• **Across the Board**—Lumber prices are up anywhere from 15% to 30% around the country, with builders in most areas reporting hikes closer to 30%. Labor costs are another major factor in these recent price hikes. They are up from 3% to 7%. Steel products, millwork, bricks, gypsum board—used for walls in lower-priced homes—and almost every other kind of building material is bringing higher prices at one point or another. Skilled labor—especially bricklayers and carpenters—is scarce, too.

Wherever there are price increases, there is also talk of shortages, now or in the near future. A lot of private home builders figure that, tough as it is now to get supplies, it's going to be even tougher and costlier to get them once the government starts going ahead with its full-scale housing projects.

• **Demand**—Back of this latest rising price situation is record-breaking de-

mand for housing. Most builders figure that they have just begun to feel the full effects of Veterans Administration and other government easy financing programs. It's about as easy to buy a house today as it is to rent one, and many people are just beginning to find it out.

So even though the present boom has been going since the war ended, the new peaks seem to be more than building supply makers can handle. They just aren't able to keep up with the tremendous demand for materials of almost every kind.

This demand has been increasing constantly in the past few months. This week, the Bureau of Labor Statistics estimated that housing starts during the month of May alone ran somewhere near 140,000. Even in 1947 and 1948, starts of 80,000 or 90,000 looked like a lot.

• **Caution**—There's a note of caution in the present boom, though. In many cases, homes are sold before the foundations have been dug. But even with sales going at full speed, buyers are a little more careful than they were in the wild days right after the war.

Most builders have learned—many the hard way—that they can't sell badly built or poorly located homes even in today's market. And they know that they have to give value for the money. That's why this latest rash of materials cost boosts has a lot of them worried. They are afraid that if they boost their selling prices enough to make up for their increased costs, they'll cut themselves out of the market. At least that's what they say.

Nevertheless, most of them are boosting prices, and most of them are building as many or more units than they ever did before. Materials may be getting tight, but so far they haven't actually stopped any building.

• **Old Homes Lag**—A couple of switches in buying habits are worth noting. In

the first place, old homes—anything that isn't brand-new—aren't in as big demand as they were back in the early postwar days. Their prices are still about the same as they were a year ago—down about 10%-15% from what they were bringing at the peak in 1947.

At the same time, demand is picking up for homes in the higher brackets—above \$15,000—and though most of the demand is still for the under-\$10,000 house, some builders are revising their sights upward a little.

A look around the country this week shows that the situation is much the same in most areas:

In Boston, home builders are looking for rising prices into the fall, but they expect building and buying to stay up, too. Right now, selling prices are up 5% to 8% over last spring and as much as 15% above last fall.

Even old houses are bringing high prices here. One builder reports that he has just finished a \$24,000 home which is an exact duplicate of a house he built 10 years ago. The old one is now selling for \$22,500, and the builder can't figure it out.

Another Boston builder—who has been putting up homes to sell for around \$10,000—has just decided to open a new section in his development, with \$13,000 to \$18,000 price tags. He says, "The man of means is coming back into the home market."

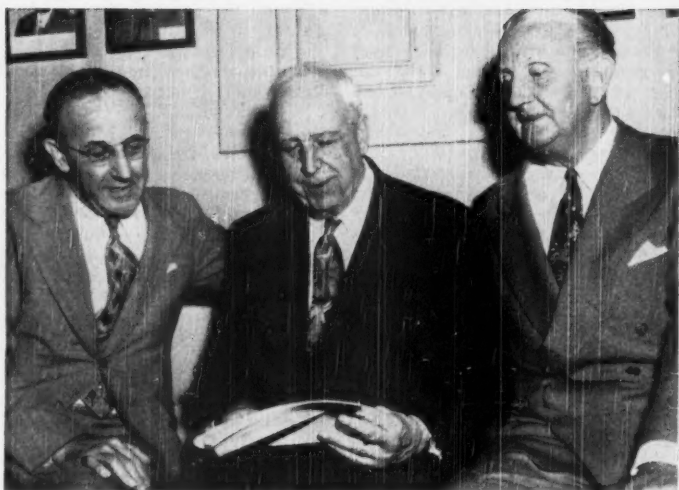
In Baltimore, builders are still getting materials to keep going but it isn't easy. Supply houses in town have run out of bricks, so they have been hauling them from other cities. Bricklayers in the city are now getting a going rate of from \$25 to \$30. A year ago, they were getting \$18 a day.

In Atlanta, some builders report having a hard time with the VA. They claim that while their costs have risen considerably, they can't get the VA to change appraisal prices it has already set on houses. So they say they are just about breaking even on houses that the VA approved before prices went up.

In St. Louis, a builder of middle- and upper-bracket houses says he has begun to pay wages above union scale for most of his labor. At the same time, he hopes to keep his prices steady. He figures he still will make a good profit if his volume picks up enough, and right now, it looks as if it will.

In San Francisco, a big-development builder says that the kind of house he sold for \$11,250 last year now has to bring \$12,650—that's a 12.4% increase, but he says he still can't build enough of them to meet demand.

Another big operator claims materials are tougher to get all the time. Steel sash, for example, now takes 60 to 90 days. But if you plan ahead, he says, you can still get enough supplies to stay in business.



RUBBER MEN: Dayton Rubber's Freedlander (left), and Goodrich's Litchfield and Collyer (right) criticize the government monopoly, but there will be . . .

No Shift in Synthetic Program

House votes to extend old law for government ownership of synthetic rubber plants. Senate is sure to follow. Only question is whether law will be extended for two or three years.

There won't be any major change in synthetic rubber legislation for the next two or three years. The government will hang on to its GR-S (general purpose synthetic) plants, stockpiling enough to meet demand from rubber manufacturers, regulating minimum consumption of synthetic if demand falls off.

• **How Long?**—In short, the old law, due to expire June 30, will get an extension from Congress. The only question is for how long. The House has already voted a three-year extension, without otherwise changing a comma of the original law. The Senate may want to cut this down to two years.

In spite of the apparent agreement in Congress, there has been some pulling and hauling lately over the government's synthetic rubber monopoly. Recent hearings before Senate and House armed services subcommittees took the lid off a lot of dissatisfaction both in the government and in the industry.

Manufacturers in general figured it was a foregone conclusion that Congress would pass a new law patterned on the old one. But they have argued that new legislation should not be extended beyond two years. And they want Congress to make a study within the next year to find out whether government monopoly really is the way to protect national security.

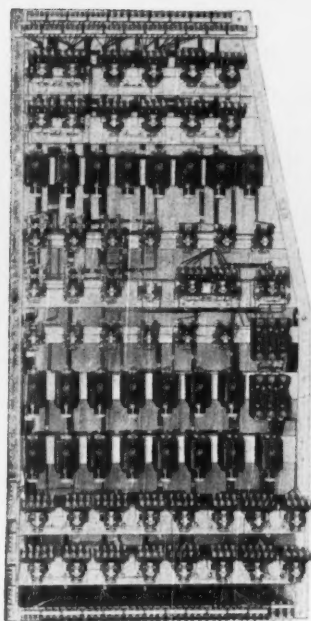
Sen. John W. Bricker of Ohio plumped for his long-standing proposal to require the government to lease its synthetic rubber plants to private manufacturers. He said that all major rubber companies but one—Goodyear—have "expressed interest" in his plan. Bricker argued that little progress has been made in the development of synthetic rubber under government control. He contends that his plan would give private industry an incentive to perfect synthetic.

The Administration opposed both the Bricker proposal to lease the plants and the House bill to extend the old law for three years. It brought up its own disposal program—to sell the plants outright, retaining strict regulatory control over them.

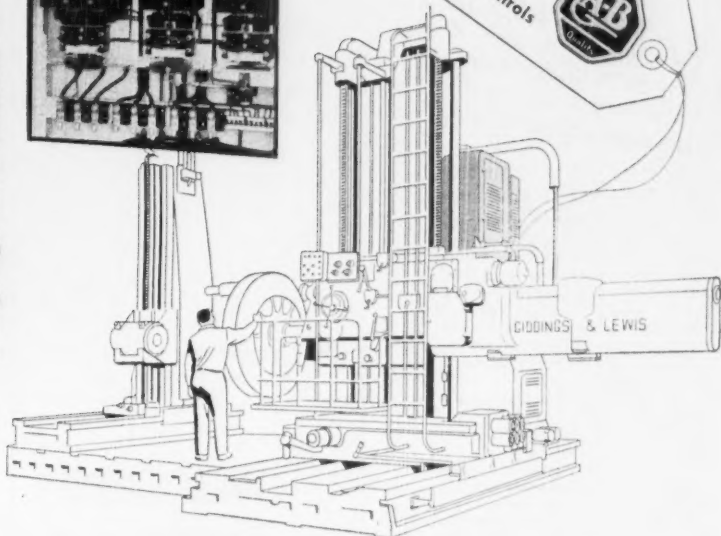
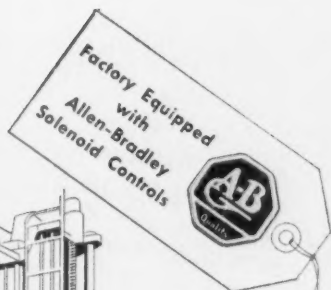
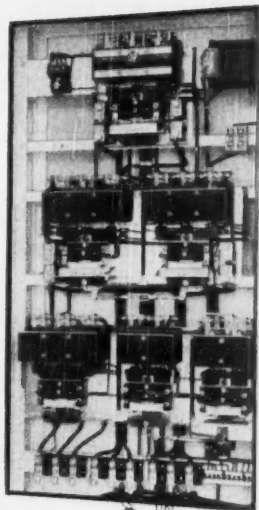
• **Everybody's Happy**—Actually, no one is going to be very much upset to have the old law extended. With the possibility that the Communists may gain control over natural rubber sources in the Far East, Congress is in no mood to endorse a plant disposal program now.

Industry, too, is generally satisfied to keep things as they are. The government is managing to keep up with manufacturers' demands for more synthetic. And small companies are getting an even break with the big manufacturers on quality and cost of synthetic materials.

RIGHT—Close-up of contactor panel showing main line solenoid contactor and reversing switches.

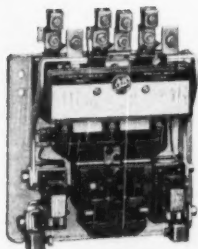


ABOVE—Close-up of control panel with 71 Allen-Bradley contactors and timing relays.



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Bulletin 709
Size 5 contactor for currents up to 300 amperes.

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Then National Electric Coil Company of Columbus, Ohio, rewound the motor with Class H (DC Silicone bonded and impregnated) insulation at an extra cost of only \$79. That motor, still in good condition after 613 days on the hoist, was transferred to the trolley bridge. It's still in service after a total of 1521 days.

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BUSINESS BRIEFS

Inventories of all business rose \$300-million in April but were still \$3.1-billion less than a year ago. Manufacturers and wholesalers increased stocks; retailers lowered theirs.

Puerto Rican farm workers—3,500 of them—are being flown to Michigan beet fields to meet a June 20 deadline. Pan American Airlines took over the job after a nonscheduled operator crashed June 5, is flying eight nonstop round trips every day.

Newspaper Guild strike closed down the New York World-Telegram and Sun when printers refused to cross picket lines. This was the first time in history a major New York paper had been forced to suspend.

Waltham Watch Co., bankrupt as it is, is suddenly in demand. Bulova Watch Co. proposes a reorganization plan in which it would loan \$2-million to Waltham. Elgin American, which plans to make watches as well as the cases it now makes for Elgin Watches, wants Waltham and will put in \$1-

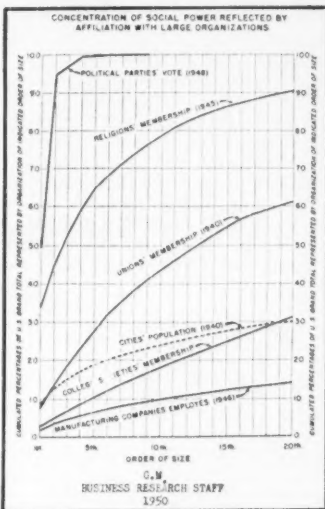
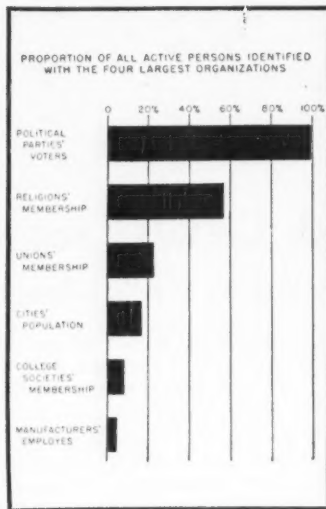
million. Frederic Dumaine, president of the New Haven R. R., has amended his reorganization proposal (BW—Apr. 8'50,p28) and now offers to guarantee half of Waltham's \$4-million RFC loan.

Snub to snoopers: Inland Steel president Clarence Randall told the House committee investigating lobbying activities that he would not answer its "inquisitorial letter." Several other companies probably will take the same tack.

Consent decree promises to end FTC's long case against corn products manufacturers. If FTC agrees, 16 companies will outlaw practices that the commission calls price fixing and price discrimination.

Lead stockpiling for U. S. defense will slow down July 1. The stuff is in plentiful supply now. Government zinc buying will stay about the same.

Farmers' cash income in May was 15% above April but 5% below May, 1949. The Bureau of Agricultural Economics reported that cash receipts for the January-May period were about 7% lower than the same period last year.



How to Rib the Federal Trade Commission

The Federal Trade Commission's ponderous studies on industrial concentration almost always include a battery of charts showing that a small number of companies control most of the facilities in various industries. In deadpan imitation of FTC's style, the General Motors business research staff has cooked up a couple of charts that purport to show "concentration of social

power." It finds, for instance, that two political parties account for almost all the voters; four religions get approximately 60% of all churchgoers. "In truth," the General Motors researchers conclude, "large organizations often develop simply because there are many persons of like mind who find it convenient to work, play, worship, or vote together."



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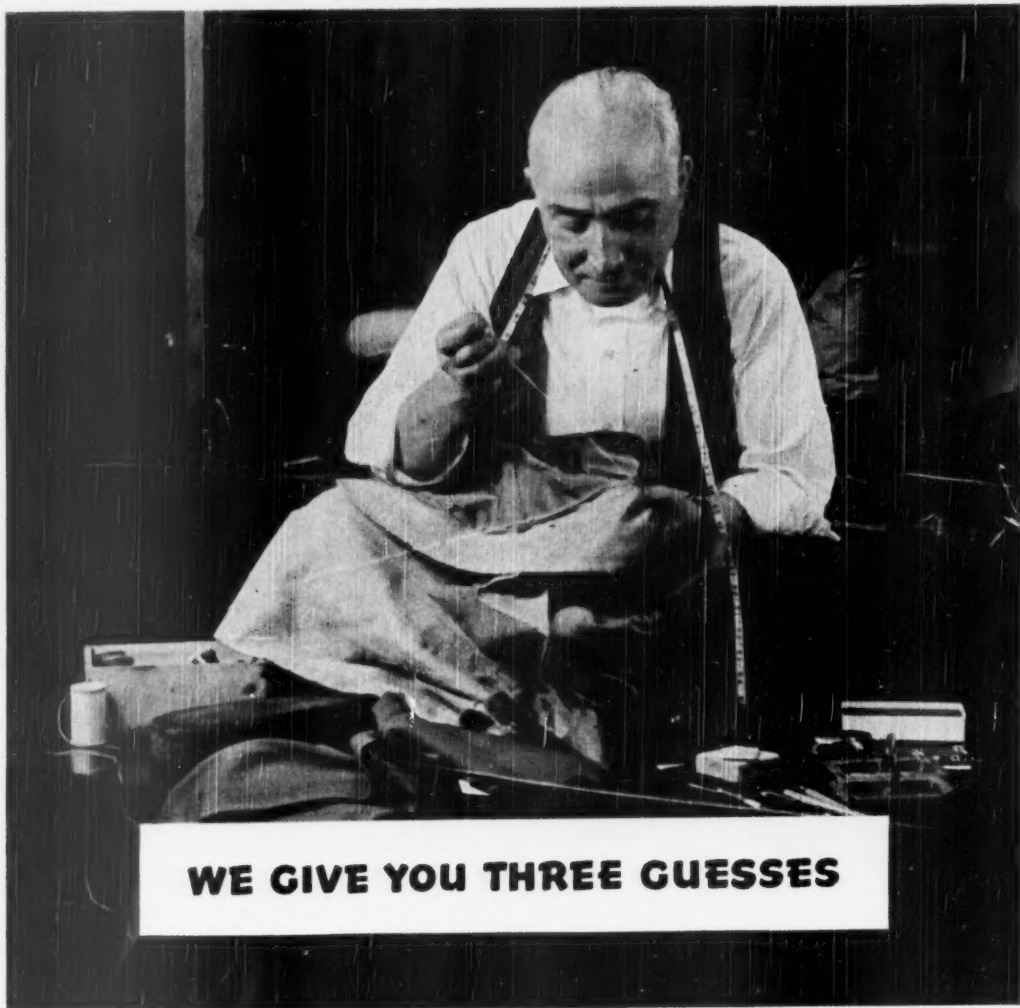
fication service that puts your trade-mark or brand name over a list of your dealers in the 'yellow pages.'

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AUTOMOTIVE

Dealers Take the Offensive

Auto dealers put more pressure on manufacturers for more liberal franchise terms, controls on car bootlegging.

Almost any independent retailer is more independent than the average automobile dealer.

The manufacturer sometimes sends a dealer cars without even asking if he wants them, and they have to be paid for in cash on the line.

The factory directs almost every single phase of the dealer's operations. When he goes into business, they tell him how much cash he has to have, what kind of building to put up, where to put it, even what kind of accounting forms to use. Once he is in business, they tell him how many cars he should sell, how much money he should make.

• **The Magic Word**—The thing that makes this possible is the franchise—the contract between each dealer and his factory establishing the rules of the game. And anytime the dealer steps out of what the company considers is the line, he can lose his franchise and wind up with \$250,000 or so worth of building and nothing to sell.

On the other hand, if he follows all the rules, he can wind up with a pile of money—in today's market, anyway.

• **Organizing**—A couple months ago, a Dallas De Soto dealer named Dick Price started a crusade around the country trying to organize dealers handling each line of cars into groups—so they could bargain with their own factories on a collective basis. Price was inspired by Chrysler's dealer problems stemming from the recent strike.

• **Bootlegging**—Price's campaign started dealers in other makes thinking along the same lines. The others didn't have labor tieups to worry them, but they had some even bigger problems. Biggest one: car bootlegging (BW—Feb. 18 '50, p48).

The official definition of bootlegging, according to the National Automobile Dealers Assn., is sale of new cars by anyone not enfranchised to handle that make of auto, usually at prices substantially under local delivered prices.

Dealers invariably blame bootlegging on their factories. They claim that arbitrary distribution methods are at fault. The factory sends a dealer cars on the basis of what he received in some past year. Dealers say changes in sales potential aren't considered very care-



FRED HALLER: As president of NADA, he's trying to keep leadership of dealer battle with producers.

fully. So, they maintain, dealers who no longer can sell their whole quota of cars still get them, and those in "new rich" areas don't get enough. The law of supply and demand then sets in, and the result is bootlegging.

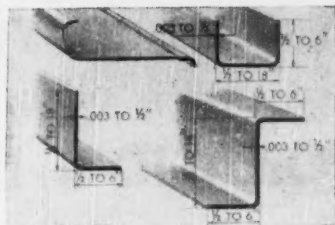
• **Enter NADA**—Things started coming to a head shortly after Price began his grand tour. Before long, even the NADA—which usually stays out of dealer-factory disputes—got into the problem.

Last week, the association called a special three-day meeting of its industry relations committee to figure out some kind of solution.

This week, the association came out with the results of its secret sessions. It had done a little compromising with the rebels, but its answers weren't the final ones that a lot of the dissenting dealers had wanted.

• **More Talks Due**—The association is going to retain a full-time man to investigate factory-dealer relations further; it's going to discuss them at its convention next January; and it's going to try to set up dealer-elected councils for all manufacturers that don't have them now. Besides that, it hopes to have a report for its members within the next month on all the aspects of bootlegging.

The association could hardly go too



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far in setting up line organizations within its own organization, lest it run afoul of the Justice Dept.'s antitrust division. The line organizations might be looked upon as conspiracies to put pressure on their respective factories.

• **The Sore Spot**—Industry observers seem to agree that the important result of the meeting was recognition of the root of all the trouble: the franchise itself.

The association wants some rewriting of franchises as soon as possible. It wants them put on a continuing basis without the 30-, 60-, and 90-day cancellation clauses that it says factories often use to put the fear of poverty into dealers' hearts.

In addition, it wants cancellation to be permitted only when the factory can show "just cause." Another franchise clause should eliminate bootlegging, says NADA: the legal aspects of exclusive-territory clauses should be checked closely, and concise new ones written in, if legal.

• **Old Story**—This latest dealer unrest hangs mostly on bootlegging, but other long-standing dealer complaints are being heard again. The insecurity that stems from the power of companies to cancel franchises almost at will may be eliminated if the NADA can have cancellation clauses revised. But some of the others may not be solved for a long time.

No matter how good business in general is, many dealers still complain that they are getting more units from the factory than they want or can sell. It's a pretty safe bet that few dealers ordered all the cars that they had to store on vacant lots or in warehouses during the slack seasons last year.

Not do many in residential districts order the heavy-duty trucks that they are sometimes forced to sell—often at big markdowns.

"Loading," as this is called, is an old gripe, but it's still heard plenty.

• **Other Troubles**—Some dealers complain that when they develop a virgin sales territory into a big dollar producer, the factory enfranchises another dealer to compete in the area.

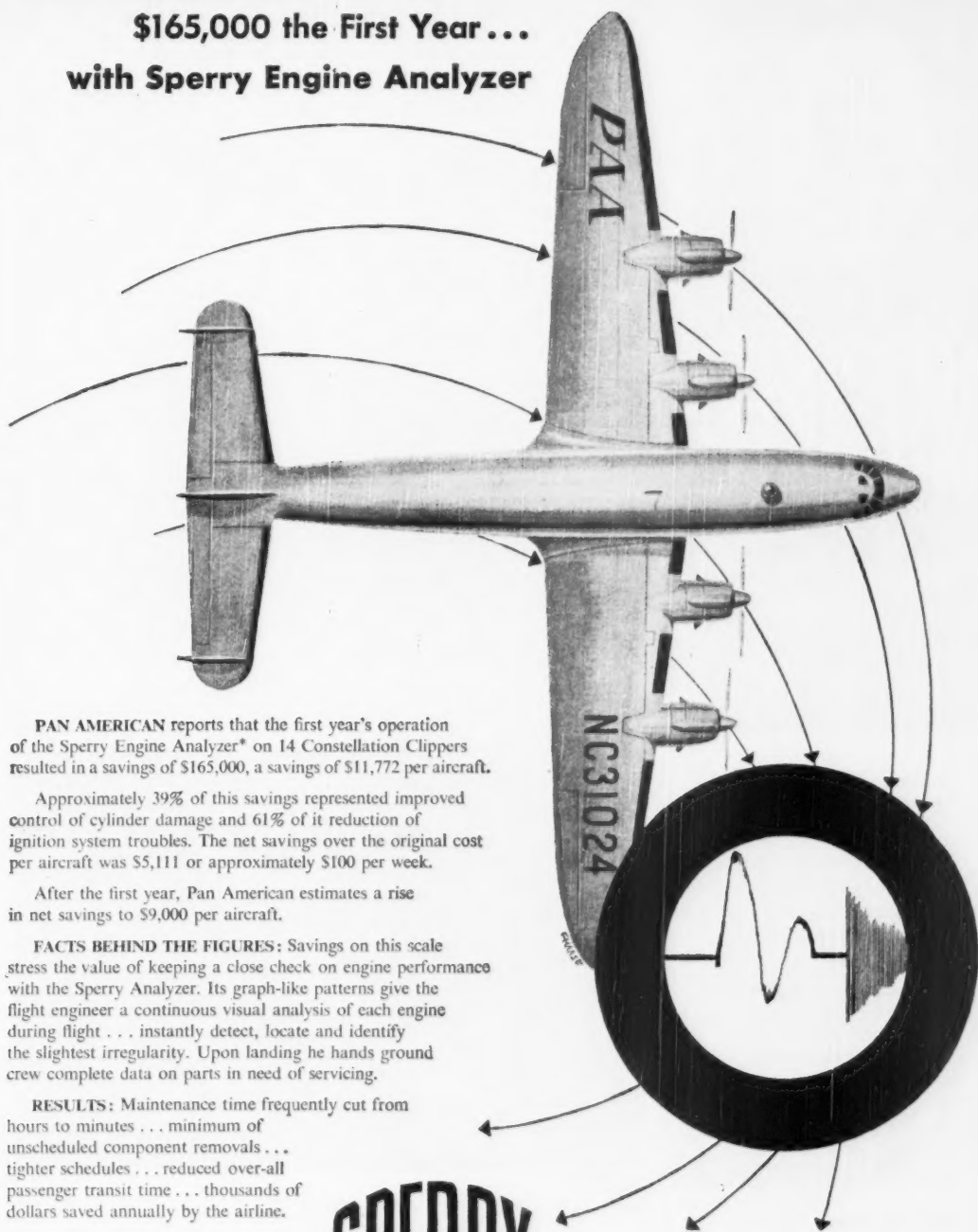
Then there's the problem of "the man who comes around." He's the regional sales-staff man that every factory sends around to its dealers every so often to make sure that they are doing things according to the book. Many dealers just don't like being told how to run their dealerships.

• **Chronic Gripes**—There's no telling how solid any of these dealer complaints are. Some are obviously so old and inbred that they are just reflexes.

Loading complaints seem to have subsided, temporarily at least. Reason: the current lull sales season, plus an uptrend in truck sales. But some dealers are wondering if they'll have to start

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Approximately 39% of this savings represented improved control of cylinder damage and 61% of it reduction of ignition system troubles. The net savings over the original cost per aircraft was \$5,111 or approximately \$100 per week.

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renting storage space again when the slack season returns.

• **Better Chance**—NADA's moves may have more effect than past complaints. Two things are in NADA's favor:

• Most auto companies are now reviewing their dealer policies with an eye to future competition.

• All the large companies are afraid that Justice Dept.'s antitrust people may move in on them at any moment.

Total number of dealers in the U.S. now stands at a record high of more than 47,000; there were around 33,000 right after the war and an average of about 41,000 prewar.

But you have to consider that Kaiser-Frazer and Willys-Overland have added about 3,000 to the total. Besides, factory people say that increases in incomes and population have permitted this increase without any unreasonable competition for already established dealers.

• **Closer Supervision**—Factories generally admit that their traveling sales-staff men are checking dealers more closely than ever before, but they say there's a good reason for it. Before the war, they point out, many factories operated through wholesalers who lessened the financial burden on individual retailers.

But most auto makers have eliminated most or all of their middlemen-distributors; they have to be sure that their dealers are financially able to handle their responsibilities.

Factory people feel that their staff

men give dealers a big sales boost by advising them on the soundest merchandising policies, telling them how the dealer in the next town has been boosting sales or cutting costs.

• **For the Future**—With prospects of old-time competition in the not too distant future, auto makers have been watching their dealers more closely in order to get them ready. They want their dealers to be prepared to fight for business, and they want to get rid of weak dealers.

• **Antitrust**—Most of the auto companies have been keeping at least one eye on the antitrust division of the Justice Dept. for some time now—and apparently with good reason. Antitrusters have been taking some small-scale pot shots at several auto company practices already. They have hit company practices requiring dealers to use certain finance companies, and they have been investigating customer charges, bootlegging, and other practices in Chicago (BW—Apr. 1 '50, p.24).

Last year, General Motors started eliminating exclusive-territory provisions from franchises. Other manufacturers have been checking their operations to make sure they're in the clear.

• **No Fooling**—But last week, it looked as though the government wasn't through. Antitrusters, talking of their future plans, are going to try to break up some of the Big Threes and Fours in industry (BW—Jun. 10 '50, p.19).

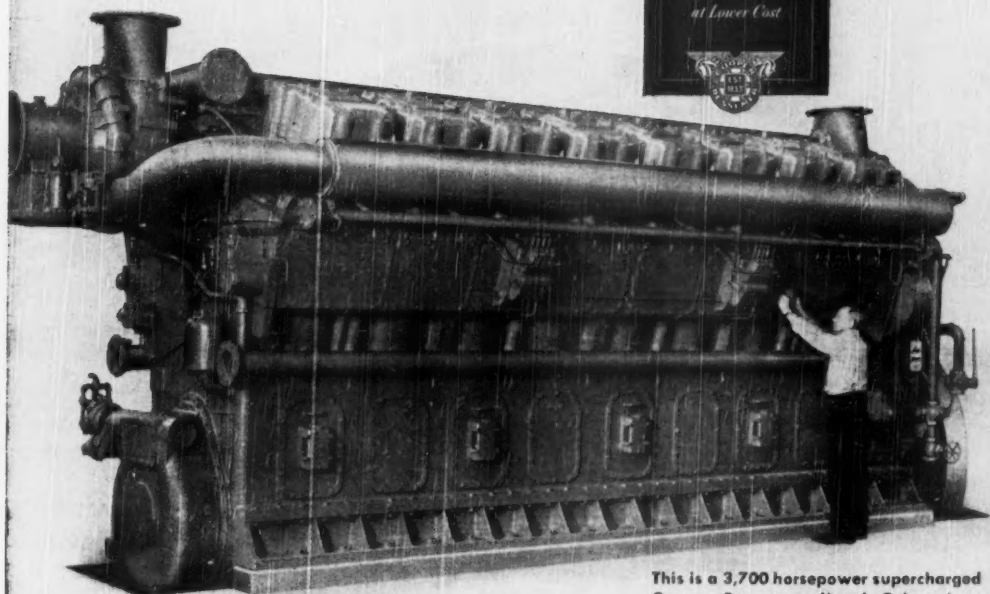


Still Another Parkway for L.A.

Los Angeles is sprouting another arterial. This one, called the Hollywood Parkway, is rated the No. 1 freeway project in the state. When completed, late in 1952, the new express road will stretch 10½ miles from downtown L.A. out to Hollywood where

it will connect with the older eight-lane Cahuenga Freeway coming down from San Fernando Valley and points north. The Hollywood Parkway project has already cost California \$31-million. There's still another \$5-million worth of work ahead.

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If you want to know more about stationary engines of this *tri-fuel* type, we'll be glad to tell you all. But it's just another example of the engineering advancements made by Cooper-Bessemer engineers in *all* power fields—stationary, locomotive and marine.

It suggests that to make the most of *modern* advancements in power, find out about the *new* things being done by one of America's *oldest* engine builders.

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TECHNOLOGY



NEW TEXTILE MACHINES come out of research and this huge drafting room as . . .

Universal Gambles on Boldness

Textile machinery company, under young president, Robert Leeson, brings out machines of radically new design. As cost-cutters, they look good even without field tests.

To the layman, the textile industry is a mysterious confusion of looms, winders, yarn, and bobbins. But to textile men, it's something a lot more concrete, with problems similar to those of any other business—how to keep costs down and make a profit.

• **New Machine**—Because of that, the whole industry last week was abuzz with talk about a new textile machine. Made by Universal Winding Co. of Providence, one of the industry's Big Five, it had been shown at the Textile Machinery Exhibition in Atlantic City a few weeks before (BW—May 13 '50, p26).

The exhibit was the hit of the show, for reasons any layman could understand. If it worked as well as it seemed sure to work, this machine could cut production costs way down for many a textile maker. Of radical new design, it promised to do away with 12 or 14 operations in textile manufacture.

• **Its Job**—Called the Unifil Loom Winder, the machine's main job, in simplest terms, is the automatic preparation of yarn for the loom. Ordinarily, this preparation is a separate operation, done in a separate room (a winding room) largely by hand.

The Unifil completely does away with the need for a winding room. It is incorporated in a Draper XD loom, where it automatically prepares the

yarn and feeds it into the loom. That means a big saving in labor and time. No one knows yet just how big the cost savings will be; no complete installation has yet been made in the field.

• **Real Significance**—The Unifil Loom Winder was only the most radical of Universal's new developments exhibited at the Atlantic City show. The company also had several other machines which the industry considers real departures from the usual textile machinery pattern. It was that fact, perhaps, more than the Unifil alone, which emphasized the real significance of Universal Winding's 1950 contribution to the textile machinery industry. And ultimately, that contribution comes back to Universal's youthful (43) president, Robert Leeson.

When Leeson became president 13 years ago, much of the textile machinery industry had been following a routine pattern for scores of years. With a few outstanding exceptions, this amounted to a reluctance on the part of the machinery makers to redesign their equipment radically. Instead, they prided themselves on making only improvements that could be applied to existing machines.

• **The Choice**—As new president, Leeson had the choice of following that traditional pattern or breaking away

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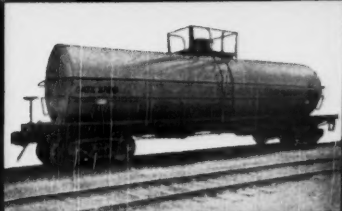


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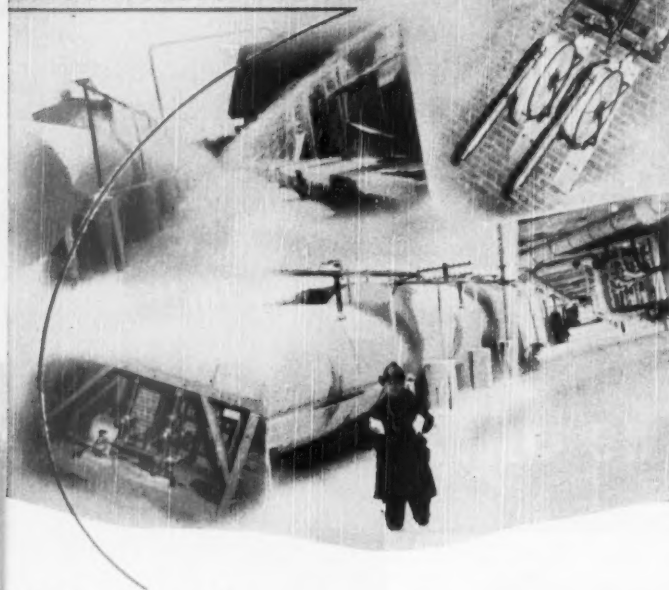
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This form of protection also provides important engineering advantages evidenced in the improvement of drainage conditions, reduction of water supply requirements, non-corrosive action of the foam material and prevention of re-flash. As *"Automatic" AER-O-FOAM* dehydrates rapidly following application, clean-up operations are practically non-existent.

Better investigate the advantages of *"Automatic" AER-O-FOAM* protection for those stubborn fire areas in your plant. More detailed information is available through your nearest *"Automatic Sprinkler"* representative. He'll be happy to furnish you with surveys and estimates without cost or obligation. Write or call today.

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from it completely. He decided to break away. Said one textile authority, outside his company: "Leeson is one of the leaders of the new thought of progressivism in the textile machinery industry. He is willing always to take long chances, to gamble. That's unusual in this industry."

But it is by no means unique. Other machinery builders have contributed to the modernization of textile production plants. The machinery makers point out that the textile industry is just as modern today as any other. There are many plants loaded with automatic machines and few operators; with fluorescent lights and excellent rest-rooms. Many are air-conditioned.

• **The Beginning**—But changes like this didn't really start coming until around 1940—and it was more necessity than initiative that started them. The main thing that brought this modernization was the development of synthetic fibers, especially rayon and nylon. They made windowless, air-conditioned mills a must. The critical factors in manufacture of synthetics were temperature and humidity; they had to be held in absolute control.

Leeson has probably moved more boldly than most of his competitors, however. He has put millions into research. Universal Winding has 115 employees engaged only in research.

• **Expansion**—More than that, Leeson has expanded his company's manufacturing capacity by 240% since the war. He has also expanded the line: In 1947, his company bought the Atwood Division of Farrell-Birmingham Corp., the world's biggest producers of throwing (twisting) textile equipment. (Universal is also the world's biggest producer of electrical coil winders.)

The man who gets most of the credit for this new daring has been president of Universal Winding since 1937—with four years out for the war. It was a job that Robert Leeson practically inherited; his grandfather had founded the company over 50 years ago, and was succeeded by young Bob's father as president.

Leeson was graduated from Harvard University in 1929, from the Harvard School of Business Administration in 1931. He worked in Universal's shop and foundry for two years, then became a member of the sales department. In 1935, he was made sales manager.

• **Big Milestone**—Back from the war, Bob Leeson once more took up his program for the large-scale development of the textile machinery. The present machines are a big milestone in that program, although Leeson regards it only as a beginning. Observers feel that this progressiveness will stir many textile machinery makers to add to the flow of new developments. If it does, Bob Leeson is likely to get most of the credit.

WHAT'S DOING IN DALLAS

Dallas Is a Major Fashion Market

With wartime impetus, local fashion flair, and longtime role as Southwest regional distributing hub, Dallas has witnessed amazing growth of garment industry.

■ On June 2, Dallas wound up one of its four seasonal market weeks in the field of fashion.

Some 5,000 buyers were in town for the event. Dallas manufacturers threw parties, in hotels, at night spots, and in the huge new Automobile Building (length: 725 ft.) on the State Fair of Texas grounds.

Lovely mannequins paraded the styles for Fall, 1950, as made in Dallas, and elsewhere. And the orders were written up:



THINK OF DALLAS

... and you think of beautiful girls. Back home in Dallas this month is fair-faced Constance Moore (above) to star in "High Button Shoes" (with Eddie Foy, Jr.), first of six musical shows for the gala 12-week (June 12-Sept. 3) Starlight Operetta at Dallas' open-air State Fair Casino. Other shows: "Maytime," "Brigadoon," "Roberto," "Desert Song," "Annie Get Your Gun."

OIL WELL SUPPLY COMPANY (Thumbnail sketch of a Dallas industry)

By Julian Stag

When Oil Well Supply Co., founded in Pennsylvania in 1862, decided on a move to Texas in 1932, Dallas was picked for the new headquarters.

Presently, "Oilwell" is putting up a big new central warehouse and modification center in the Dallas area, within 24 hours' shipping distance of every oil well in Texas, Oklahoma, and other regional points.

Oilwell is a subsidiary of U. S. Steel, and first such subsidiary to set up its main office in the Southwest.

At Dallas its management surveys a national operation, which includes plants at Oil City and Braddock, Pa., Kansas City, and Long Beach, Calif., and sales outlets and warehouses dotting America's far-flung petroleum landscape. There is also an export division.

Oilwell is the world's oldest manufac-

More than \$1,000,000 in sales on a good day in Dallas market week.

The size of this market is suggested in the thick 444-page buyer's guidebook issued for it by Dallas' own American Fashion Association (the Market Division of the Dallas Chamber of Commerce).

■ Dallas has come up fast as a feminine apparel market. It is far and away the leading manufacturing city in women's (and children's) wear in Texas and the Southwest, and the great regional wholesale point.

Nationally, its market standing is probably fifth in overall importance (New York, Chicago, St. Louis, California, Dallas).

There is also an impressive industry in Dallas in men's wear, hats, and allied needle trade production (not included in this report).

■ Again, this industry reflects the Dallas growth story, with accent on the last 10 years, or so. Compare the currently estimated \$60,000,000 annual volume of the Dallas market (women's and children's, wholesale) with about \$17,000,000 in 1937.

Here's a statistic: This Dallas apparel market buys more than 60,000,000 yards of fabric annually to go into the clothes it makes.

Newcomers as well as oldtimers are building the market:

■ Here's the success story of a former New York taxi fleet operator who took a flyer in the Dallas dress market in 1943, and now has a multi-million-dollar volume that is the city's largest (Ben Gold's "Nardis of Dallas").

Here's the recently-built half-million-dollar, sparkling, completely air-conditioned

plant (said to be unique in the garment industry) of one of the long-established firms (Lorch-Westway).

And here's the new \$200,000 bandbox-trim home office and factory of a Dallas company (Page Boy) which has had a meteoric rise making and marketing nationally (including a chain of retail stores) a line of maternity wear with a fashion flair.

■ This enterprising Dallas market in the last five years has created a promotional Dallas Fashion Center, and established a smart monthly magazine, *Dallas Fashion and Sportswear* (more than 5,000 national circulation, mostly paid).

Typical of the Center's bright agenda was a "Dallas Fashion Week" observed this winter in New Orleans, with mayors of both cities in on the festivities.

■ National advertising has given Dallas labels a new fame (e.g., Donovan, Justin McCarty, Marcy Lee). *Women's Wear Daily*, the national trade paper, runs a Dallas market section once a month, and a few years ago set up a full-fledged Dallas office.

Some 80 companies manufacture women's and children's clothes in Dallas: they have an annual payroll of about \$20,000,000; they sell to 18,000 retail stores in more than 3,500 cities in all 48 states.

Wartime demand led many buyers to discover the Dallas market. Finding things they liked, they remained postwar customers.

■ Fashion is in the air in Dallas. Something of the Texas way of living, and the color and frankness of the West, give Dallas styles a fresh note. The Dallas stores are noted for their fashion zeal. Dallas women are known for their grooming and clothes-consciousness. This communicates itself to the manufacturing groups.

One of only four Schools of Design in the country with a direct working relationship with a market, was founded in 1944 at Southern Methodist University with stimulus from the Dallas industry. Its graduates have gained national recognition.

■ Dallas became a clothing manufacturing center through a natural process of business. The city was long the Southwest's wholesale market. Out of the wholesale houses came men who saw an opportunity in manufacturing.

DALLAS BRIEF

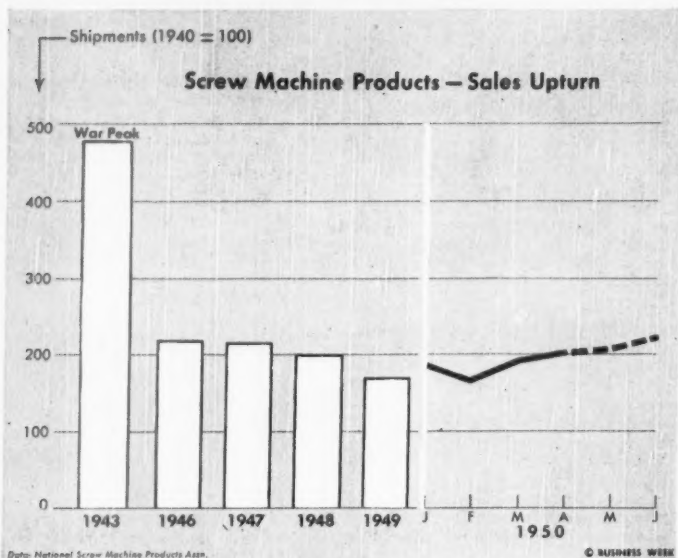
Census Bureau preliminary figures (released in May) show Dallas as a \$2,197,600,000 wholesale market, largest in the Southwest. The wholesale business more than quadrupled in nine years (1939-1948).

Republic National Bank of Dallas

paid for this advertisement for the Dallas Chamber of Commerce in the interest of Dallas development. It is the sixth of a monthly series to keep you posted on Dallas, the city of opportunity in the Southwest. Would you like copies of this advertisement, others in the series, or other information? Address:

Dallas Chamber of Commerce
Dept. B — Dallas 2, Texas

PRODUCTION



Bigger Demand for Tiny Parts

And makers of screw machine products mean to keep it that way. Their big problem: competition from captive plants. One solution: better tooling and engineering to reduce unit costs.

The screw machine products industry feels better, thank you. It took a bump after the war. It took another in 1949. Now, running at the rate of \$232-million annually, business is slowly picking up. Orders for the first half of this year top those for the first half of 1948, the National Screw Machine Products Assn. reports. And 1948 was better than 1949.

Last week, association officials said the industry is planning to give itself a new boost, to keep that curve going up.

• **What, Who**—Screw machine products are small, intricately machined parts made on a continuous basis from bar and rod stock. Industry uses them by the billions every year. You'll find them in assembled devices that range from lawnmowers through carburetors to calculating machines. An aircraft carburetor might have 500 such machine-made pieces in it, a calculating machine can have as many as 1,200.

There are some 1,200 companies in the screw machine products business. Most of them are two- to four-machine operators. The biggest—Weatherhead Co., Cleveland—runs 400 machines in its plants.

• **Problems**—Several things make the field tricky. One is that the cost—and

the profit—of an individual screw machine product usually are reckoned in fractions of a cent. Another is that it's a jobbing industry. That means it suffers from the captive-plant jitters—just as foundrymen, diecasters, and plastic-molders occasionally do.

Actually, even the experts can't estimate how much business they lose to captive plants. Captive plants don't put out production figures. The closest the dopesters can come is to say that there are almost as many screw machines in captive plants as in jobbing plants. However, jobbing plants usually run on a two-shift basis; many captive plants don't.

• **Few Screws**—Once upon a time, the screw machine made screws. Now it practically never does. Except for special types, it's usually more economical to make screws by cold-heading or forging. The screw machine products industry really dates back to 1789, when Eli Whitney got his idea that parts should be interchangeable. That ruled out handmade parts, because human hands can't be trusted to turn out identical shapes. Eventually, Whitney's ideas stimulated the development of the turret-type automatic screw machine by

Christopher Spencer in 1873. The turret carries various types of tools that are automatically indexed into the right position to remove metal from the work held in the machine's jaws. That's basically what a screw machine does today.

• **Trick of the Trade**—Because the price is so competitive, and the profit per piece is so small, a contractor has to be dead right about his tooling and setup. Once the machine is set, it will turn out thousands of the same product. If it's wrong, the contractor will lose his shirt. That means he has to have top-flight engineering and production men. In that respect, jobbing plants have a competitive edge on most captive-plant operators—men who know their job don't grow on bushes.

The trick is in the tool layout and setup. And that takes some knowing. Operators must know plenty of metallurgy—how various metals affect cutting efficiency and speed; they must be smart about tooling—so that cutters and cams will produce, repetitively, the close tolerances demanded; they must be "machine-conscious"—know the peculiarities of the machines they work with.

• **Sales Job**—The industry's big problem is to convince customers that a job plant can turn out a more economical product than a captive plant.

To meet it, the industry is getting set for an all-out technical and sales campaign. Realists know that captive plants, particularly the efficient ones, are here to stay. But they also know that plenty of business can still be drummed up. Here's the plan of attack:

(1) First step will be to convince industry-customers that jobbers can meet close-tolerance specifications—at a reasonable price. On production runs, tolerances of 0.002 in. per in. in diameter and 0.005 in. per in. in length are commercially practical. On the price side, today's screw machine plant operators have plenty of advanced tooling knowledge that can be put to work to make pricing competitive.

(2) Industry men plan to work more closely with their customers on design-for-screw-machine-production. This is their theory: A designer often can modify a part to simplify tooling and setup requirements. Result: a lower price per unit—and better chances for contract orders.

(3) Screw machine plant men are looking towards their own housekeeping to cut costs. More efficient methods of loading, feeding, and materials handling can go a long way toward cutting unproductive and costly overhead. Better job scheduling, through grouping of similar work, could help. This cuts down time on machines between jobs, keeps expensive labor producing.

(4) Policies on tool replacement are

getting study. Many of the machines in the industry are old. They run, it is true, but several companies are going to weigh more closely the cost of operating old equipment against the cost of new machines with increased output and accuracy.

One effect of the sales dip has been to promote idea-swapping within the industry. Up to a few years ago, most companies tried to keep their ideas to themselves. When sales dropped, idea-swapping became more popular. Industry meetings, like the one held a few weeks ago at Bedford Springs, are a strong indication of that trend. There, experts gave their ideas on production, tool replacement policies, ways to meet competition from customers, sales education.

• **Goal**—With new orders starting to come in, the industry hopes that the additional sales push it is planning will boost volume above the levels of 1949.

One-Pedal Auto Control Is Next Step, Says SAE

Mention automatic transmissions at a get-together of the Society of Automotive Engineers and the floor is yours. Talking to a standing-room-only crowd at SAE's summer meeting at French Lick, Ind., H. T. Youngren, Ford Motor Co., and A. H. Diemel, Spicer Mfg. Division, Dana Corp., developed a brand-new theme for automatic transmissions.

To be entirely satisfactory, they said, transmissions must do more than just duplicate a driver's actions in manual shifting. The development trend is now toward automatic regulation of throttle positions, engine speeds, and torque ratios, through a single speed-control pedal. That way, engine speed would be set by whatever ratio is necessary to meet power requirements successfully.

• **From Torque Converters**—Lower engine speeds would be combined with more economical throttle settings. This kind of development, they said, is more likely to come out of the torque-converter type of transmission than through automatic gear-shifting mechanisms like GM's Hydra-Matic.

SAE members also heard other new variations on old engineering themes.

• **Comparatively high sulphur content** in gasoline increases wear in lighter vehicles, but has little effect on medium- and heavy-class units.

• **Heat-treating techniques** for gears are getting a once-over. They increase the toughness and durability of alloy metals. The latest method, processing in continuous gas-carburizing furnaces, is already considered standard stuff in other industries.

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Responsible executives have discovered — through test panels, extensive sash replacement programs, or initial installations of PC Glass Blocks in new buildings — the many benefits and money-saving advantages of these modern fenestration units. In fact, users tell us that PC Glass Block installations have paid for themselves out of the savings they've made possible.

With functional PC Glass Blocks, repairs or replacements are hardly ever necessary. There's no sash to rot or rust; no periodic painting or puttying is involved. Having more than twice the insulating value of ordinary single-glazed windows, PC Glass Blocks help to control temperature and humidity, reduce condensation. Thus, they help to eliminate production-retarding factors; lower heating and air-conditioning costs; increase the efficiency of the air-conditioning system. And they improve working conditions, because they admit an abundance of diffused, natural daylight over wide working areas. Besides, they stop infiltration of harmful dust and grit, muffle noises, bar distracting views. They're easily cleaned, too. Normal rainfall and routine maintenance will preserve their high light transmittance.

Our specialists will gladly help you with any problems of sash replacement or glass block application. Consult with them. There's no obligation. And send for a copy of our free booklet on the use of PC Glass Blocks.

- help control temperature and humidity;
- increase production;
- improve product quality;
- cut maintenance costs;
- keep employees better satisfied."



PANELS OF PC GLASS BLOCKS having the exclusive Soft-Lite® Edge Treatment are used to daylight the Gospel Publishing House, Springfield, Missouri. Such panels help to keep temperatures within close tolerances; lessen the load on air-conditioning; reduce maintenance costs; admit plenty of softly diffused daylight for employee eye comfort.

*T.M. Reg. applied for.



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The mark of a modern building

Distributed by Pittsburgh Plate Glass Company, by W. P. Fuller & Co. on the Pacific Coast, and by Hobbs Glass Ltd. in Canada



Licks On-Shelf Problems By Using Glassine Bags

Chicago Wheel & Mfg. Co., 1101 W. Monroe St., Chicago, is now putting its line of thin, abrasive grinding wheels in sealed, rubber-coated glassine packages. Chicago developed the idea with Rhineland Paper Co., Rhineland, Wis.

The new package prevents moisture, dirt, and grease from attacking the binder that holds the abrasive particles, thus increases wheel efficiency, often prevents premature breakage. Identification of wheel size and type is simplified, too, by the glassine package. (Wheels are identified by paper discs like a phonograph record.)

Plastics Demand Up, Dow Will Expand

The plastics industry still can't get enough raw chemicals, even though chemical plants have been expanding capacity. Last week, Dow Chemical Co. announced a \$30-million expansion program for its Texas Division.

In its latest expansion, Dow will produce ethylene, chlorine, styrene, glycols, vinyl chlorides, and vinylidene chlorides. According to Leland I. Doan, company president, booms in sales of Styron (Dow's polystyrene) and Saran (Dow's vinylidene chloride) forced the move.

Carpet Firm Develops Wool Crimping Process

If you crimp a straight natural fiber, like wool, textiles made from it have more bulk and resilience, wear better, have a better "hand" or feel.

Last week, The Research & Develop-

Pittsburgh Corning Corporation
Dept. G-60, 307 Fourth Ave.
Pittsburgh 22, Pa.

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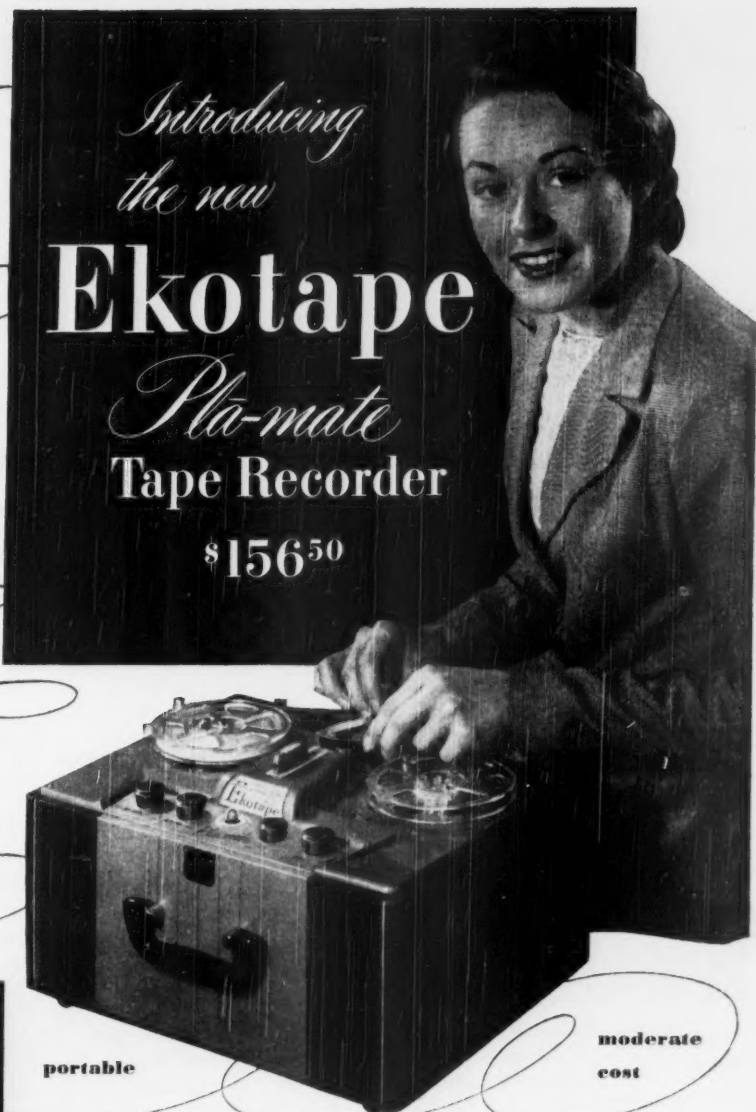
vents accidental erasure of recording. Tone quality is superb as the response exceeds 4000 cycles and is superior to the finest AM radio.

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ment Division of Alexander Smith & Sons Carpet Co., Yonkers, N. Y., announced it had developed a commercial crimping process: Texturalizing. Work so far has been confined to wool, but Smith experts say the process has possibilities for modification of other natural fibers such as cotton, silk, and mohair.

Texturalizing offers possibilities to textile men for reducing weight as much as 20% without any noticeable difference in character or life.

Smith got into the process because laboratory experiments showed that the character and degree of "crimp" or waviness in a fiber was important to ease of processing and quality.

The company plans to license the process.



GEORGE M. POWELL, III, wins 1950 Hyatt Award for vinyl research.

FOR PLASTICS ACHIEVEMENT

This year, the Hyatt Award for distinguished achievement in plastics went to George M. Powell, III, of Union Carbide & Carbon Corp. Powell, who heads vinyl-coatings research for UCC, pioneered work on "dispersions."

Dispersions are vinyl-chloride-acetate resins of sub-microscopic size. They can be applied to wire, paper, cloth, foil, or metal; and they can be used in inks, dipped goods, elastomeric molded articles, or films.

The Hyatt Award, sponsored by Hercules Powder Co., has been presented nine times since 1941: for formed Plexiglas; transfer molding; vinyl development; forming of laminates; electronic heating; styrene research; decorative laminates; polyethylene research; and vinyl dispersions. The award commemorates John Wesley Hyatt. In 1867, he produced the first plastic—celluloid—in the form of a billiard ball.



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From Nov. 1, 1945 through 1946-7-8 more than 68,400,000 automotive shock absorber pistons were checked and segregated according to under-size, oversize and five tolerance ranges of .0005 each.

Original cost of \$14,400 was amortized in 5½ months.

Net profit of \$79,754 had been realized in 38 months when a major design change in the shock absorber caused the machine to be shifted from full-time to periodic inspection of replacement parts—but it is still in operation and producing more profit.

This is but one of many case histories of amazingly high and quick returns on investments in Sheffield Multiple and Automatic Inspection Equipment.

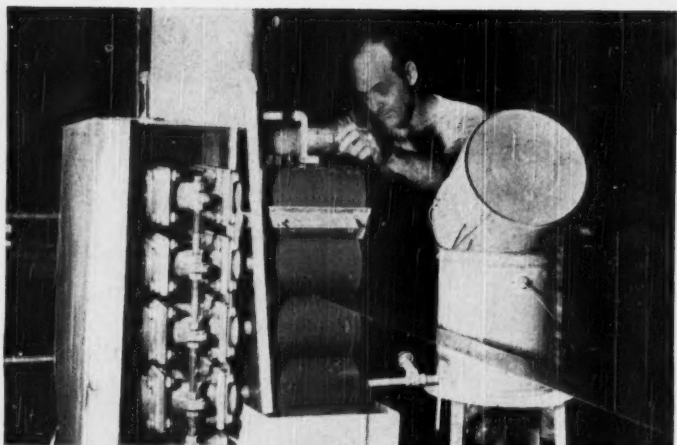
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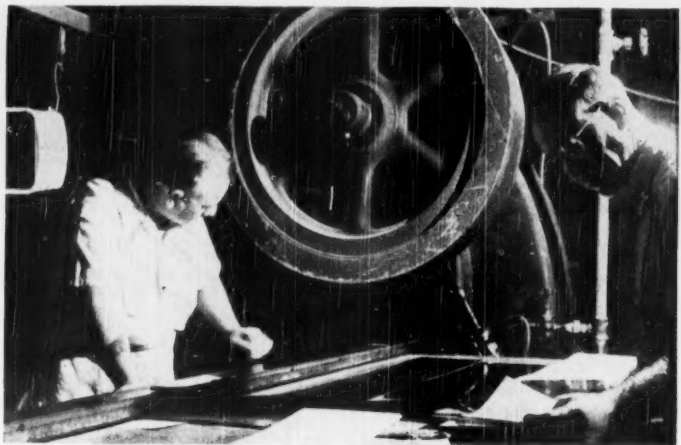
the **Sheffield** corporation



Dayton 1, Ohio, U.S.A.



ALUMINUM STRIP for awnings gets a coat of paint before it starts through National's assembly line. It takes 5 min. to switch paint dispensers and turn out a new color.



START OF FABRICATION RUN: Man at right checks measurements of order. Operator (left) sets control that determines length of awning slats for a custom job.

One-Size Awning Fits Many Sizes

In New Orleans, National Blow Pipe & Mfg. Co., Ltd., has a home-grown solution for making a custom product—aluminum awnings—on standard production lines.

To turn out the awnings, which have to meet different customer specifications, the company uses standard-width aluminum stock. But it adjusts production equipment such as paint machines, presses, and cutters so that the finished awning is practically a tailored job.

• **Geometry**—"Part of it is just a matter of elementary geometry," says Redding Sims, the company president. The width of the slats in an awning is standard; only the length is varied on the production line. (Awning slats run vertically, just the opposite of those in

venetian blinds.) But, within limits, the company can keep even the length standard—despite the fact that the awnings have to fit different windows.

The trick is to figure on the various drop angles you can use when you hang the awning. A 4-ft.-long awning will shield a 6-ft.-long window at one angle. By pushing it out farther from the building—and thus widening the angle—it will shield a 7-ft.-long window. "It's simply using the geometric license of holding the hypotenuse of a triangle constant," Sims says. "Keep the length of the awning steady, and you can change the other sides of the triangle (the window and the awning-window gap) any way you want."

National gives its dealers charts from



We're still in business, Bill!

YES, Fire-Files saved the heart of their business—their records!

Sales figures, future prospects, orders, documents, accounts receivable—a fortune in irreplaceable information—lived through the blaze.

Only 7% of the businesses visited by fire are as fortunate as this one. Why not put yours in this safe seven with Shaw-Walker Fire-Files. They are the sure "one premium" fire insurance for every valuable record you have.

You'll find this practical point-of-use protection actually pays for itself in minutes saved every day. Shaw-Walker has especially "time-engineered" 34 types of fireproof cabinets—to keep records safe, ready to use within seconds, before and after fire.

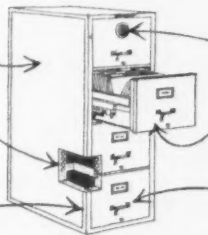
And there are Shaw-Walker desks, chairs, files, cabinets, systems, indexes and supplies—everything for the office except machines—each "time-engineered" for the needs of every job and worker.

If you are setting up a new business or merely wish to modernize worn, out-dated offices, make sure you use Shaw-Walker equipment throughout. It will help you make the most of every minute, every working day!

Time-rated point-of-use protection saves steps—steps up production.

Each drawer an individual safe, insulated on all six sides.

Easy-operating drawers reduce fatigue. Free-coasting, float-bearing slides.



All Fire-Files equipped with locks—signal plunger or new manipulation-proof combination.

Foolproof latch on each drawer.

All around good looks—cast bronze hardware—well-proportioned, attractive colors.



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The booklet, "Time and Office Work," is packed with ideas for stretching office time. Organize now for greater sales effort and lower operating cost! A wealth of information on "time-engineered" office systems and equipment. 36 pages! Many color illustrations! Just off the press! Write today, on business letterhead to: Shaw-Walker, Muskegon 35, Michigan.

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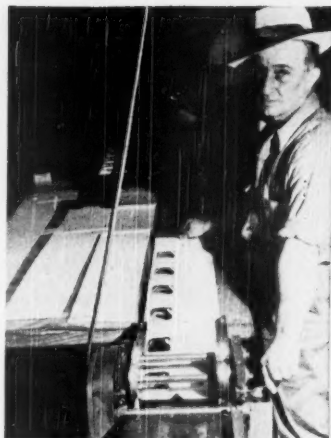
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Now especially, with the need for cutting costs, savings such as are possible with a Finnell Scrubber-Vac are well worth investigating.

This combination machine applies the cleanser, scrubs, rinses if required, and picks up—all in one operation. With one or two operators, a Finnell Scrubber-Vac can do a cleaning job better in half the time it takes a crew of six to eight using separate equipment for the several operations.

The model shown below cleans up to 8,750 sq. ft. per hour. Has new type of water valve that assures uniform flow of water ... powerful vacuum for efficient pickup ... a Finnell-developed trouble-free clutch, affording effortless operation ... improved waterproof wiring and minimum electrical connections, simplifying the cleaning of the machine. Vacuum performs quietly. Finnell makes a full line of combination machines, all self-propelled, including a model for small-area buildings with 2,000 to 15,000 sq. ft. of floor space. This machine reduces cleaning time approximately two-thirds! Handles both wet and dry work.

Have a talk with the nearby Finnell man. See what you would save with a Finnell Scrubber-Vac. Incidentally, it's good to know that when you choose Finnell Equipment, a Finnell man is readily available to help train your maintenance operators in its proper use. For consultation, demonstration, or literature, phone or write nearest Finnell Branch or Finnell System, Inc., 3806 East Street, Elkhart, Indiana. Branch Offices in all principal cities of the United States and Canada.



SLAT goes in flat, comes out with an edge that locks together with slat beside it.



CHECKER makes sure that strips were cut correctly. Edges must jibe before shipment.

which they can determine drop angles corresponding to given slat lengths. Specifications are sized up from rough plans that are taken from the customer's house.

• **Adjustment**—When an order comes into the factory, colored stripping starts through the production line. A single control on each machine adjusts for length of the slats, if there is a change from previous runs. Automatic machines put in die stampings, vents, and bends.

• **Accident**—Sims broke into metal awnings by accident. National began as a sheet metal shop 49 years ago, later branched into the design and manufacture of blower systems. When the war ended, the company felt the pinch of the steel shortage. But aluminum was readily available. So Sims switched to awnings.

The "Problem" of Small Business

THE question of further governmental measures to aid "small business" has become an immediate issue as a result of the President's message to Congress recommending legislation to create new credit and capital facilities and new Federal services for the benefit of the nation's smaller business units.

Of the President's five proposals, not one is aimed at the removal or amelioration of the major conditions that make it so much harder for an individual owner or a small business enterprise to succeed financially than it was a generation ago.

A really effective program to aid small business would be directed primarily at increasing its earning capacity rather than its borrowing and capital-raising capacity; for where earning capacity exists, capital and credit are almost automatically forthcoming. In particular, it would be well to give attention to the tax burden that bears so heavily on both the small business concern and the local capitalist, reducing the supply of venture capital and the incentive to invest it, and interfering especially with the "plowing back" of earnings, which is the soundest of all methods of raising capital.

It would be desirable also to examine, with special reference to their impact on small business, the monopolistic labor practices that have developed under governmental protection and that tend to "freeze" wage rates and other contractual obligations in nation-wide patterns, without regard to local needs and conditions. It would be helpful to inquire into the effects of governmental "easy-money" policies that make it so much cheaper for large corporations to borrow in the open market than for business concerns of any size to raise equity capital. And it would be profitable to scrutinize such restraints on free competition as prohibitive

local governmental licensing requirements and barriers to interstate trade.

Government loans and loan insurance to business are dangerous devices. When government assumes the risk, either by making the loan or by guaranteeing the lender against loss, the incentive to choose rightly between the sound and the unsound is largely destroyed. The result is likely to be a huge volume of misdirected industrial effort, with financial disaster to borrowers and heavy economic loss to the community. And there is no more effective entering wedge for increasing governmental influence, domination, and eventual nationalization of both finance and industry than to make industry dependent on governmental credit.

It has become fashionable to discuss the problems of small business as if "small business" and "big business" occupied two distinct and mutually exclusive categories, and as if their principal relationship were one of competition, with "big business" enjoying an unfair and undesirable advantage.

There is no basic conflict of interest between "big business" and "small business." On the contrary, business concerns of all sizes depend upon each other, and their interests and requirements are identical in almost all respects. What "small business" needs to be protected against is not "big business" but "big government" and "big labor." The so-called problem of small business, as such, is mostly imaginary. The real problem is to provide an economic environment in which all sound business can thrive.

—From an article in the current issue of THE GUARANTY SURVEY, monthly review of business and economic conditions published by Guaranty Trust Company of New York. The complete issue is available on request to our Main Office, 140 Broadway, New York 15, N. Y.

Guaranty Trust Company of New York

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HERE'S a glimpse of a diesel from the cab of another diesel—a sight you will see more and more along the Erie's 2,200 miles of railroad. There's a big story of foresight in the growth of Erie's diesel fleet!

It was away back in 1926 that the Erie bought its first two diesels—switchers for its New York freight yards. From that early start, Erie now owns 269 diesel units of all types. They range from yard switchers up to the big, brawny 6000 h.p. road diesels that haul over 65% of its freight.

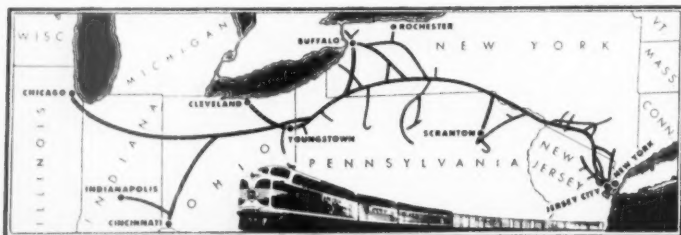
That total gives the Erie one of the highest percentages of diesel ownership of any eastern railroad—and there are

still more diesels to come this year.

Erie's constantly growing diesel fleet provides faster schedules and better on-time performance, plus other advantages that contribute to Erie's progressive railroading. Look to the Erie for leadership in the safe, dependable transportation of both passengers and freight.

Erie Railroad

Serving the Heart of Industrial America



PRODUCTION BRIEFS

A phenolic resin, developed by Durez Plastics & Chemicals for the auto industry, forms a laminate with chrome metal. Two new \$1-million plants will produce the resin.

Plagued by lost golf balls? B. F. Goodrich is experimenting with a radioactive ball that you can find with a Geiger-Mueller counter.

Lead toxicology is the topic of a book sponsored by Lead Industries Assn., 420 Lexington Ave., New York 17. It covers air pollution, treatments for lead poisoning, and preventive hygiene in lead-working plants.

I-T-E Circuit Breaker Co. has formed a new division to handle production of its small-sized units.

A survey of synthetic fibers developed in Japan is available from the Commerce Dept.'s Office of Technical Services, Washington 25, at \$4.75 a copy.

Alcoa turns out 300 power-cable rods an hour on an automatic machine made by Fenn Mfg. Co., Hartford, Conn. Normally, the job is a manual operation using power lathes.

GE's Knolls atomic laboratory, formerly a division of GE Research, is now "a self-contained, integrated operation."

Radio and TV expansion at GE will cost \$7-million this year. The biggest slice goes for new equipment for picture tubes.

Continental Machines, Aurora, Minn., has given up its attempt to find a paying process for converting carbonate slate into iron powder (BW—Nov. 30/46, p21). A state commission takes over the plant in August.

Mineral formations are photographed by a tube-like camera designed by the Army's Corps of Engineers. The camera, loaded with 30 ft. of movie film, is lowered into bore holes.

Mathieson Chemical sold its chlorine and ammonia cylinder-filling business in 12 southern states to Tesco Chemicals, Atlanta. Mathieson will continue to supply the basic products.

AAR opened its \$1-million research lab at Illinois Institute of Technology. The railroad association will make it the headquarters for engineering, mechanical, and sanitation research.

the farmer is a chemist...

In his fields he carries on one of the world's great chemical processes—the production of food.

Meat, grain and milk—rich in health-building values—are the products of the farmer's work with sun and rain . . . seed and tools . . . and the chemical elements of the soil.

Of these elements none is more important than phosphorus. It is imperative to life. On the farm it speeds plant growth . . . enriches yields and nutrient values. In our homes it enriches life with stamina, health and vigor.

To bring vital phosphorus to farm and table, Davison—a pioneer in chemical plant foods—mines phosphate rock . . . processes it . . . and alone produces *Granulated Superphosphate*—available phosphorus in a form that brings extra benefits to all.

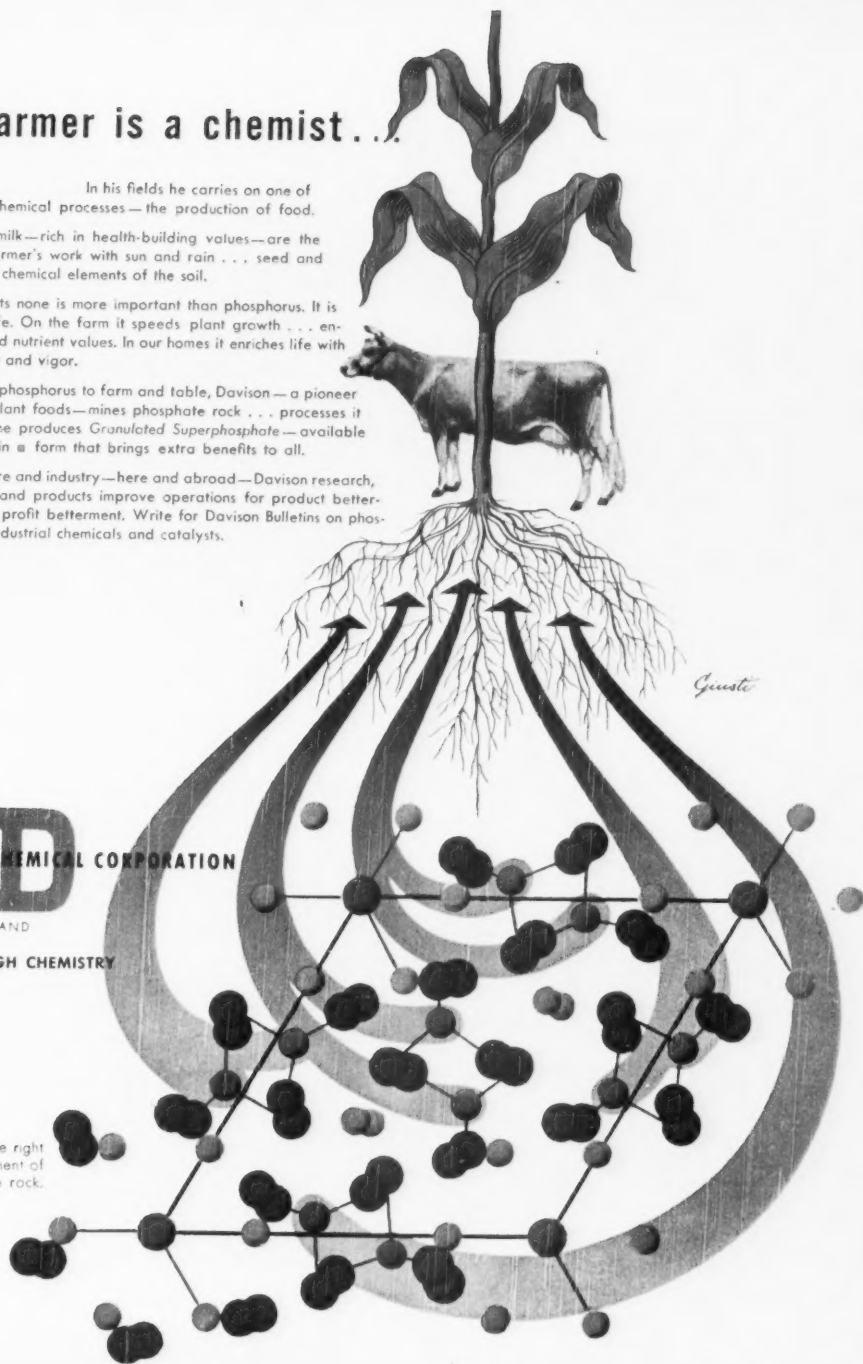
In agriculture and industry—here and abroad—Davison research, processes and products improve operations for product betterment and profit betterment. Write for Davison Bulletins on phosphates, industrial chemicals and catalysts.

D THE DAVISON CHEMICAL CORPORATION

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PROGRESS THROUGH CHEMISTRY

The crystal lattice at the right represents the arrangement of the atoms in phosphate rock.





Raymond C. Hill, Manager of Singapore, has 26 years of experience with the Bank 21 of them in Far Eastern Branches.

National City's Singapore Branch is located on the street floor of the Union Building—shown above—overlooking the Singapore waterfront.

AMERICA BUYS — TO SELL

Singapore—"middleman" for southeastern Asia

IN 1818, Sir Stamford Raffles purchased Singapore Island from the Sultan of Johore as "an outpost for British traders on the China route." Within a few decades, Singapore became one of the world's great ports, serving as a clearing house for southeastern Asia's trade.

Not only is Singapore the primary port for the Federation of Malaya, but to her piers and warehouses ("godowns") are funneled the varied products of her neighbors for reshipment to the West and the East. She is the world's greatest market for rubber and tin. In turn, for distribution in Malaya, Indonesia, and other nearby countries, Singapore buys from Europe, America, and Japan enough cotton goods to rank as a major market, together with machinery, motor vehicles, tools, chemicals, grain, and tobacco and petroleum products.

In 1948, the gross shipping tonnage handled by Singapore was about half that of the port of New York. Her combined exports and imports exceeded 1,100 million U.S. dollars. The largest single portion was her trade with the United States.

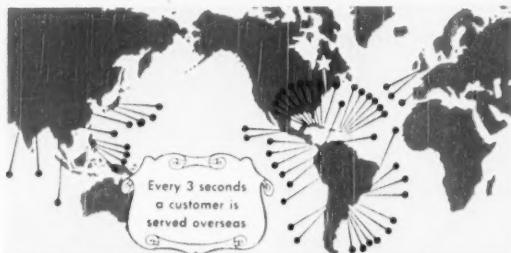
Those interested in this trade will find the services of National City's fully staffed Branch in Singapore invaluable.

NCB Travelers Checks protect travel funds. Buy them at your bank.

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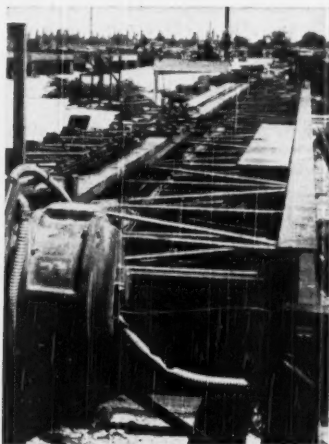
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CANAL ZONE Balboa Cristobal	CHILE Santiago Valparaíso	JAPAN Tokyo Osaka Yokohama	REPUBLIC OF PANAMA Panama
CHINA Shanghai	ENGLAND London 117, Old Broad St West End 11, Waterloo Place	MEXICO Mexico City Avenida Insuñza La Caidosa 54 Republica	PERU Lima
		URUGUAY Montevideo	VENEZUELA Caracas

Write for color-illustrated booklet describing "Overseas Banking Service"

NEW PRODUCTS



BENDER works with winch-powered cams.



TRUSS is made from zig-zag rod.

Zig-Zag Bender

On-the-site jig bends zig-zag webbing for construction trusses from straight rod. Winch-pulled cams do the job.

A machine developed by Eidal Mfg. Co., Albuquerque, N. M., wrinkles lengths of straight steel rod into zig-zag shapes for use as building reinforcements. It takes 2 min. for the machine to bend any standard length of rod, the company says.

• **Cam-Action**—The machine is a long table-like steel frame equipped with a series of elbow-shaped cams. With a

length of rod laid in the machine, the cams turn in place to form the shape. Motor-driven winches at each end of the frame do the work. A pull from one winch turns the cams against the rod. A reverse pull from the other swings the cams back to their original position.

The bent bar is then set up on a special jig beside the bender and welded to straight beams. This makes an open-web truss used on construction jobs.

• **Advantage**—The special advantage of the machine, according to Eidal, is that it does a uniform, accurate bending job. The company plans to offer the device nationally to steel fabricators.

BRIDGE IN A BOX

The prefab idea is making another bid for business in the contracting field. Universal Concrete Pipe Co., Columbus, Ohio, supplies a complete small bridge as a package.

The boxed-up unit has all of the makings: reinforced concrete cribbing, bridge seats, and deck slabs. The components are cast in the company's plant, transported to the site for erection.

Three men, and a power crane, can put up a complete bridge from the materials at a cost about 25% below most other types, Universal says. Construction time on a secondary road takes from one to two days. By using existing abutments old bridge floors are replaced with Universal's precast deck slabs in four hours.

LP TANK-MIXER

LP (liquefied petroleum) gas, commonly used for home fuel in rural areas, is a mixture of light butane gas and heavier propane gas, pressured into a tank in liquid form. On standing, the two liquids often settle apart giving an uneven fuel. Delta Tank Mfg. Co., Baton Rouge, La., has designed a tank to prevent separation.

Delta's tank, called Mix-O-Gas, is partitioned into a large and a small compartment. The two sections are connected by a siphon pipe. As gas is drawn from the larger section, it siphons enough gas from the smaller to even the level. Agitation from the siphoning action keeps the heavy and light gases mixed.

Company tests show that gas kept in a Mix-O-Gas tank burns 17% longer than gas in conventional tanks.

FREIGHT-CAR FLOORING

A freight-car flooring, developed by Amco Steel Corp., Middletown, Ohio, combines the advantages of steel and



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High standards of quality are traditional with Campbell. To assure that all Campbell chain meets our standards—and, yours—every link in every chain is rigidly inspected. When you need dependable chain, depend on Campbell.

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F. M. Hewitt

WASHINGTON, D.C. — Glegge
Thomas Co., 723 Albee Bldg.;
Glegge Thomas, J. D. Crabtree

RICHMOND — Power Equip-
ment Co., 1307 W. Main St.;
H. C. Schmidt, E. G. Breeden, Jr.

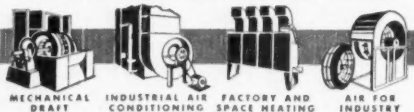
CHARLOTTE — Robert E. Mason
Co., 1726 Hutchinson Ave.; R. E.
Mason, A. W. Bainbridge

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Principal American Cities

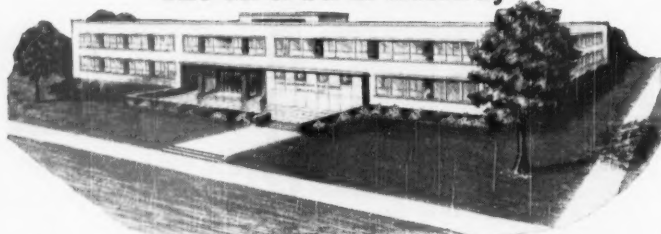
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Take any type of air handling or conditioning requirement, and it makes SENSE to call in the nearest Clarage Application Engineer. This man KNOWS his business — can give you expert assistance. And back of his recommendations are engineering resources and manufacturing skills unsurpassed in the fan industry. Try Clarage for satisfactory results invariably accomplished MORE economically.

CLARAGE FAN COMPANY, Kalamazoo, Michigan



New Home of The M. & St. L. Railway



This is the new General Office Building of the Minneapolis & St. Louis Railway, as it will look when completed in early 1951 on Franklin Avenue between Stevens and First Avenues south in Minneapolis, near the edge of the downtown business district. Construction was begun April 4.

To cost nearly \$1,000,000, the project climaxes an improvement program on which the M. & St. L. has spent more than \$50,000,000 since the present management, headed by President Lucian

C. Sprague, assumed charge in 1935.

The new headquarters building, attractive in appearance but modern and utilitarian in design and equipment, will comprise two stories and basement. It will be U-shaped, with frontage of 201 feet on Franklin Avenue, 181 on First Avenue and 161 on Stevens. Foundation and walls will be built to carry additional floors when needed. Floor space will total some 80,000 square feet and nearly 300 M. & St. L. officials and employees will occupy the various offices.

Fast Dependable Freight Service



The Minneapolis & St. Louis Railway

Traffic Offices in 36 Key Cities

wood, offers lower cost through longer life.

The flooring consists of alternate widths of steel strips and wooden planks that run the length of the car. The steel strips extend slightly above the planks, take most of the wear and tear of loads. Braces for steadying a load during transit can be nailed to the wooden planks.

The special feature of the flooring, according to the company, is the combined advantages of steel and wood. It won't sag under concentrated loads as floors made from steel plates will. And, unlike all-wood flooring, it will not break under the heavy weight of lift trucks.

NEW PRODUCTS BRIEFS

A scale, called Teleprint, weighs in one place, electronically records the weight in another. The scale can be set up as far as 500 ft. from the recording device. The recorder prints the weight on tags or paper forms. The maker: Howe Scale Co., Rutland, Vt.

An antistatic liquid for phonograph records keeps them free of abrasive dust, and is said to cut down the noise level. It's a product of Minnesota Electronic Corp., 97 E. 5th St., St. Paul 1.

An acid-resistant filter spun from plastic Vinyon by Filtration Engineers, Inc., 155 Oraton St., Newark 4, N. J., fits most types of filter equipment.

A portable invoice register for sales counters automatically files carbon copies of sales slips in a built-in clip tray. The manufacturer is Buchen Co., 400 W. Madison St., Chicago 6.

A video antenna holder, made by Kenwood Engineering Co., Inc., Kenilworth, N. J., mounts in any position on a roof, parapet, side wall, or corner of a building.

An hydraulic pump, called Hy-Lo-Jack, is small enough to hold in your hand, but strong enough to turn out 1 gal. per min. at 1,000 lb. pressure. The manufacturer is Monarch Road Machinery Co., Grand Rapids 4, Mich.

A long-wearing typewriter ribbon is a product of Underwood Corp., 1 Park Ave., New York 16. Its fabric makes sharper, cleaner impressions, the company says.

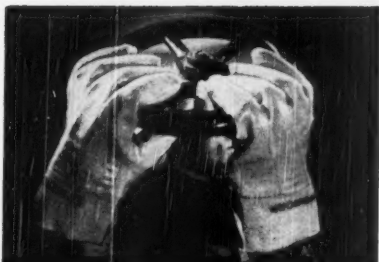
Graphite lubricant is canned in an aerosol-type container by Container Specialty Co., 2034 E. 22 St., Cleveland 15.

Top form... for COMPETITION



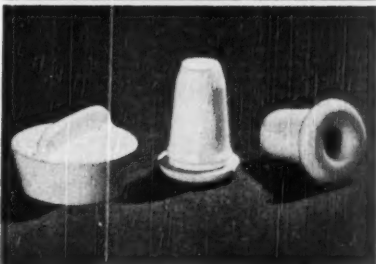
WORK GLOVES THAT WORK!

To keep liquids out and hands safe within, these tough, flexible work gloves are coated with VINYLITE Resin dispersion—sure protection against petroleum derivatives and ordinary chemicals. By Arcadia Mfg. Co., 1081 Eaton Rd., Birmingham, Mich.



EASY-TO-CLEAN, LONG-WEARING!

Each year Westinghouse refrigerators require two million of these shelf supports and tray stoppers, made of VINYLITE Plastic molding compounds because they resist dirt, are non-aging, resilient, colorful.



BRISTLING WITH EFFICIENCY!

Brush bristles, economically made of VINYLITE Resin monofilaments, lengthen the life of industrial brushes, by resisting water, chemicals, oils, greases, and wear. By Fuller Brush Co., 3586 Main Street, Hartford, Conn.



DISPLAY SIGNS, promotion pieces, premiums that really bring top benefits are now being made of VINYLITE Plastic Rigid Sheets.

Easily and accurately formed by simple methods, even to complicated three-dimensional shapes, VINYLITE Rigid Sheets hold their form and dimensions. They make tough, strong, dimensionally accurate products which hold these qualities despite exposure to water, changes in weather, alkalies, and most strong acids. They do not support combustion.

They accept perfectly registered multi-color printing. Such printing, before forming, eliminates costly final hand decorating. Designers can make the most of their unlimited range of colors, and they come in clear, transparent, translucent or opaque form, with either glossy-smooth or matte finishes.

Whether you use or make any item that can benefit from these properties—displays, signs, novelties, drawing instruments, templates, or the like—you can be sure always that VINYLITE Plastic Rigid Sheets are formulated scientifically to do the job in top form. Discover what they can do for your product. Write Dept. HX-62.

Point-of-Sale Displays and Plaques by Stanley Wessel & Company
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READERS REPORT:

Hawaiian Employers

Sirs:

We are concerned with the impression of Hawaiian management which your article, "Island Revolt" [BW—Apr. 15 '50, p. 122], has created, and I am writing to point out that the article was really quite wide of the facts.

You say "Hawaiian employers reacted fast to Harry Bridges' conviction for perjury..." and see in the conviction a chance to "challenge" Bridges' power through abandoning industry-wide bargaining. You quote a statement by Mr. A. G. Budge, president of Castle & Cooke, Ltd., as proof that "employers reacted fast..." after Bridges' conviction. The idea of returning to individual company bargaining is not new, and it certainly does not spring from the Bridges' conviction.

Hawaiian employers did not seek to capitalize with their employees on the Bridges' conviction.

There might be a swing to decentralized bargaining rather than industry-wide bargaining in Hawaii. This would be a change born of five years' experience in industry-wide negotiations, not from Bridges' trial. Although Hawaiian employers might wish for a union leadership which did not lean left, they are determined to make union-management relationships in the islands as good as they can make them under present circumstances. They further recognize that they are required to deal with union representatives legally chosen by their employees.

DWIGHT C. STEELE

PRESIDENT,
HAWAII EMPLOYERS COUNCIL,
HONOLULU, T. H.

• It seems we went astray in two ways: The coincidence of the Hawaiian story just after the Bridges' conviction prompted a quick, and wrong, conclusion that the two were connected. And, in editing, we dropped an explanation that the Budge quote came from his company's published report.

Negro Brokers

Sirs:

In regard to your current issue of BUSINESS WEEK stating that you believe that Mr. Cowings is the first Negro to be registered with the New York Stock Exchange, I wish to state that I, Laurence Lewis, a Negro, was registered with Abraham & Co., 120 Broadway, in June of 1949. I understand that Mr. Cowings' registration dates from May of this year.

LAURENCE LEWIS

around
here

they know

P&H

... the sign of
Added Values

"Around here" might be any construction job, anywhere.
A new underpass like this...an airport...a dam...a housing development.

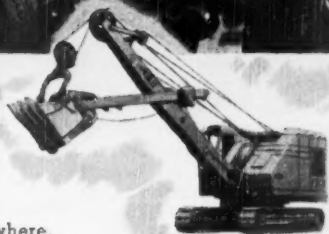
Wherever ground is broken, contractors know the familiar **P&H**
— the sign of Added Values!

P&H introduced the first gasoline-powered excavator, continued
to set the pace with such outstanding developments
as all-welded construction . . . true tractor-type crawlers . . .
low pressure hydraulic control . . . diesel power.

These and many more originated with P&H — as have *all* Added Values,
on *all* P&H products. And two of these values never change:
QUALITY and SERVICE. Since 1884, nothing that bears the P&H
name has ever been without them.



QUALITY
FOUNDED IN 1884
SERVICE



EXCAVATORS



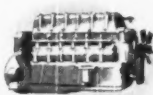
TRUCK CRANES



SOIL STABILIZERS



HOMES



DIESEL ENGINES



ELECTRIC HOISTS



WELDING



OVERHEAD CRANES



don't let OVERSIZE VARIATION add to your steel cost

It's not "price per pound" that determines the cost of the flat-rolled steel you use in your product, but the cost per foot or per piece. When the strip thickness runs to the high side of the tolerance range, you get fewer feet per pound and, therefore, fewer units of production per ton. As a result, your steel costs go up. In effect, *oversize variation is a hidden charge—adds to your steel cost.*

Beat oversize variation—specify CMP Thinsteel, the trade name identifying precision cold-rolled strip steel in low carbon, high carbon (annealed or tempered) and stainless grades. Thinsteel accuracy to gauge insures maximum yield per ton and offers a definite means of reducing cold-rolled strip steel costs to the minimum.

CMP

THINSTEEL
TRADE MARK



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SPRING STEEL
ALLOY GRADES
STAINLESS

the Cold Metal Products co.
YOUNGSTOWN 1, OHIO

New York • Chicago • Los Angeles
Indianapolis • St. Louis • Detroit

MARKETING



FREIMAN'S STORE has eight booths in which you can look at color shots of merchandise.



CUSTOMER presses button to change slides. Attendant changes magazine when requested.

Slide Selling Gets a Tryout

Freiman's in Ottawa is testing new answer to the problem of getting revenue from outlying districts. Color slides of the main store's merchandise can be viewed by customers in a small branch store.

What do you do when your old customers move out into the suburbs? What do you do when rising incomes turn thinly settled areas into good markets? Those are a couple of the problems that face more and more big-city department store operators every day.

Last week, A. J. Freiman, Ltd., a department store in Ottawa, Ont., came up with a trial answer to the problem. Called Vis-O-Matic, Freiman's plan is a cross between a mechanical mail-order catalog and a branch store.

Order stores, of course, aren't brand-new. Rich's, in Atlanta, operates stores equipped with catalogs in small towns; so does Eaton's in Canada. But the Freiman approach turns order-store shopping into something fancier and more dynamic than picking dresses out of a catalog. And it's right in line with the trend toward more mechanized selling.

• **No Merchandise**—Freiman set up its first Vis-O-Matic store in Pembroke, about 100 miles from the main store in



SLIDE MAGAZINE holds clothing photos.

Ottawa. It carries no merchandise at all. Instead, the store is stocked with 3,750 different color slides of goods in stock in the Ottawa store. Each slide also carries the catalog number of the merchandise, a description, and the price.

Say a customer comes into the store, asks the attendant to show her some dresses. All the attendant does is load one of the slide machines with a magazine-full of dress slides. The customer sits down in one of eight viewing booths, looks over slide No. 1, presses a button to change automatically from slide No. 1 to slide No. 2. The customer can, if she wishes, reverse the process of the machine or, by means of a knob, go from the first slide to the last one without having to look at all the intervening ones.

• **Same Day Service**—Once the customer has selected a dress that she wants, she presses a button which summons the attendant. She can then load the machine with a magazine of pots and pans or whatever else the customer wants. The order, which the customer has filled out as she looks at the merchandise, is then sent by teletype to the main store at Ottawa.

Orders that are sent before 2 p.m. are filled, expressed to Pembroke, and delivered by Freiman trucks on the same day. Orders that are sent in any time after 2 p.m. will be delivered by the trucks on the following day.

Lawrence Freiman, president of the store, thinks his Vis-O-Matic shopping plan gives him the advantages of a mail-order operation without its drawbacks. (The Pembroke store is in part an answer to mail-order and catalog-order-store competition from Simpson's and Eaton's, two of Canada's biggest mail-order stores.) He figures that he eliminates:

• **Necessity of carrying large inventories** of many items just because their pic-

NEW LUSTER-ON UTILITY-15 GIVES CHROME-LIKE BRILLIANCE FOR LESS THAN $\frac{1}{5}^c$ PER SQ. FT.

NEW ECONOMY TO CUT YOUR COSTS!

To every manufacturer already using a passivated zinc finish, Luster-On Utility-15's amazing economy is the big news. With this remarkable new product, you can replenish with the original solution . . . dilute up to 10 times . . . use the same solution for manual or automatic operation—features never before possible with a zinc bright dip. Savings run 50% and even more!



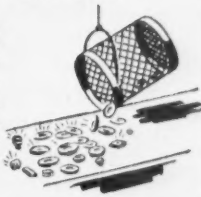
NEW SALEABILITY FOR YOUR PRODUCTS!

If you use electro-plated zinc without passivating, Luster-On Utility-15 offers the tremendous added sales appeal of permanently bright finish at almost negligible cost—less than $\frac{1}{5}^c$ per sq. ft. In addition, corrosion resistance is excellent, permitting free handling during assembly, packing, display and use—with no danger of finger staining or discoloration. Where chrome-like brilliance is not required, maximum corrosion protection can be secured with a single dip.



NEW RELIABILITY AND EASE OF APPLICATION!

For companies now using Cadmium or Nickel, Luster-On Utility-15 provides the great economy and speed of passivated zinc, plus sensational new simplicity and reliability of application. Composed of 95% inorganic materials, Luster-On Utility-15 is highly stable. With it, work can be handled on racks or by bulk dipping, with freedom from iridescence and exceptional uniformity. No noxious fumes . . . requires no exhaust.



Send for full details today on . . .

New Luster-on® Utility-15

In attendance at the
Boston AES Convention

THE Chemical CORPORATION

54 Waltham Ave., Springfield 9, Mass.

THE CHEMICAL CORPORATION
54 Waltham Ave., Springfield, Mass.

Please send me full particulars about Luster-On Utility-15 for zinc-plated surfaces. I am (am not) sending sample for free dip. No obligation, of course.

Name.....

Firm.....

Address.....

Why They Went to Oklahoma

WITH



IT WAS

Technical Skills



R. R. WASON *
President

MANNING, MAXWELL & MOORE, INC.
says:

"Manning, Maxwell & Moore, Inc. has manufactured Consolidated Safety Valves, Ashcroft Gauges and many other Steam Specialties for three-quarters of a century. Quite some years ago, it became apparent that if we were to become important in the oil industry, we should live in the atmosphere of oil and obtain the benefits of engineers and technicians skilled only in oil.

"Accordingly, in 1943 we transferred the manufacture of our Safety Relief Valves from Bridgeport, Conn., to Tulsa, Oklahoma.

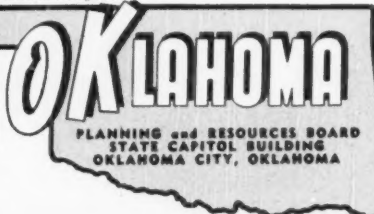
"In Tulsa we found the mechanical skills and engineering abilities that were not available in our Connecticut locations. We have had consistent growth and profit out of our operation.

"Oklahoma is new country. Having no past to defend it has taught us many valuable lessons that we have been able to utilize in our Eastern properties."

*Above statement a direct quotation
in Mr. Wason's own words.



Oklahoma has many business advantages in addition to those which appealed to Manning, Maxwell & Moore. Send for this book of information which describes graphically, 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.



tures are in the catalog. If Freiman's runs out of stock on a particular item, the item can be taken right out of the slide magazines.

• Expense involved in production of a catalog.

On the plus side, Freiman lists Vis-O-Matic's ability to take advantage of a late market; goods bought in the market on Monday can be photographed on Tuesday, presented in the Vis-O-Matic stores on Friday. This speed of action gives the order stores a particular advantage over catalogs on high-fashion goods, which date quickly. Besides, says Freiman, color slide projection gives the most dramatic presentation possible outside of seeing the goods in the flesh.

"Our object," says Freiman, "is not to create a mail-order operation—but to bring department store merchandising techniques to communities that aren't big enough to support a big store. We're not laying in large inventories the way a mail-order store would; instead, we intend to conduct the entire operation on the same inventory basis as our main store in Ottawa."

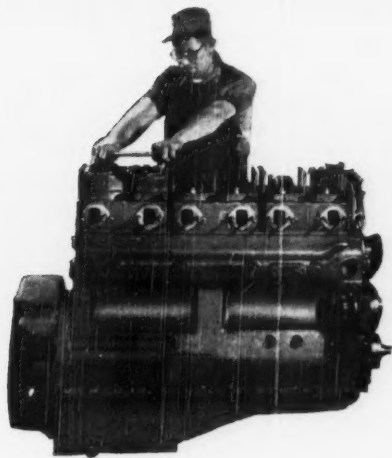
• **Branch-Type Solution**—Freiman's new store underlines the need for a solution to the branch-store problem. Downtown traffic congestion, population movements to the suburbs, and increases in rural income require the downtown store to find a way to tap this migrating market.

Catalog selling is, of course, one solution. Branch stores are another—but a branch represents a large capital investment. And you have to locate it in a fairly large, thriving suburb where you can count on big volume. The visual-ordering store of the Freiman type may be the answer for the area that's too promising to cover by catalogs alone, not promising enough to justify a branch store.

• **Whole String Planned**—Freiman plans a whole network of Vis-O-Matic stores if the Pembroke experiment comes off successfully. And he even has tentative plans for putting the slide machines into a trailer, taking them into the more remote rural regions of Canada.

Similar merchandising units may soon find their way into the U.S. retailing scene. Three men, now headquartered in New York—Joseph Thurst, former Macy's vice-president now with Raymond Loewy Associates; James Conner, an interior decorator; and Charles Licater, industrial engineer and department store consultant—are now dickering with Vitarama Corp. of Huntington, L. I., for exclusive U.S. distribution rights on the merchandise viewers that were developed by Vitarama and are being used at present in the Freiman order-store operation. They call their plan Vita-Vue.

Cummins® Custom-built Diesels



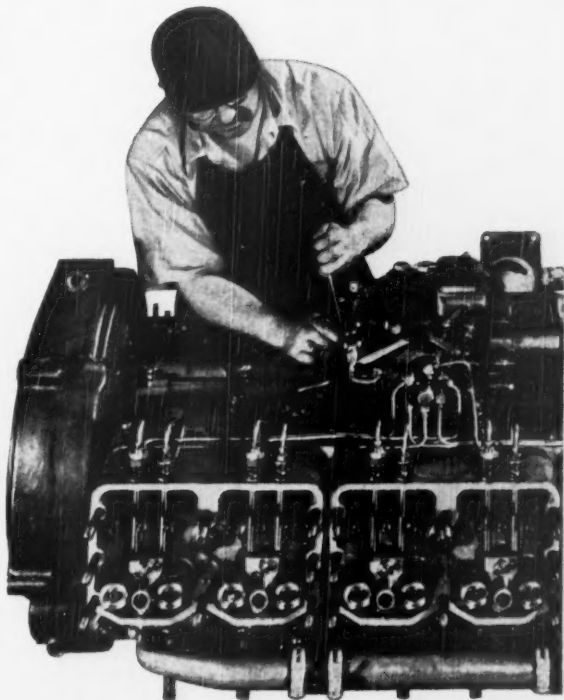
*Built
not
once
but
Twice*

The better-built engine for better power profits

Every lightweight high-speed Cummins Diesel is actually built *twice*. After initial assembly, each engine is run-in on the test block. Then it is torn down and carefully re-inspected -- after that it is re-assembled and tested *again* to assure *peak performance*. And that is only *one* example of the extra care, the precision-workmanship . . . that goes into every Cummins custom-made engine.

That's why a Cummins Diesel is an investment that has *greater earning power* for you. The finest of engine-craftsmanship . . . exclusive Cummins fuel system . . . and custom-built engines "that fit your job" make a rugged, quality-engineered Cummins Diesel *the better buy for your power needs*.

Contact your Cummins dealer. He has more facts to show you about making more profits with



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**Diesel power by
CUMMINS**

CUMMINS ENGINE COMPANY, INC. • COLUMBUS, IND.

EXPORT: CUMMINS DIESEL EXPORT CORPORATION
Columbus, Indiana, U.S.A. • Cable: Cumdies

Lightweight High-speed Diesel Engines (50-550 hp) for:
On-highway trucks • off-highway trucks • buses • tractors • earth-
movers • shovels • cranes • industrial locomotives • air compressors
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Patents + Prices = Trouble

Supreme Court decision in U. S. Gypsum case raises a vital question: Is it legal for a patent owner to set the price at which licensees sell his product?

Setting prices on your own products is a tough job, as any manufacturer knows. But there's an even tougher job. That's when you have to set a pricing policy on goods made under your licenses and patents by other manufacturers.

What should a licensor do? Should he let the price ride—and run the risk that some of his licensees will get sore when others undersell them? Or should he control the prices charged by his licensees? A lot of manufacturers have taken the latter course, figuring that it is quite legal to do so under a 1926 Supreme Court decision involving General Electric.

• **Shaky Props**—But is it legal? The Supreme Court's decision last week in the U. S. Gypsum Co. case (BW—Jun. 10 '50, p. 28) makes the legal props under such patent-pricing arrangements begin to look mighty shaky.

The government charged U. S. Gypsum and six wallboard producers—who do 100% of the wallboard business east of the Rockies—with using patents to fix prices. This arrangement, said the government, is nothing more than another illegal price-fixing conspiracy—and it makes no difference that it revolves around valid patents.

• **First Step**—The court's decision, handed down just before the justices closed up shop for the summer, concerns an industry where the companies involved control the entire output. But even so, it would be wise for any manufacturers tied up in similar deals to take a careful look at their contracts. For the government's antitrusters want to use this decision as a first step towards outlawing all patent-pricing arrangements, whether or not they create a monopoly.

A couple of years ago, the government listed the cases it had in the works that involve this question. These cases include basket-making machines, machine tools, parking meters, stainless steel, optical goods, phenolic resins, fluid-filled cable, electric light bulbs, tungsten carbide cutting tools, variable condensers, Phillips screws, Ethyl anti-knock fluid.

• **Gypsum Case**—The Gypsum case—which took the form of an unusual court order—had the immediate effect of:

(1) Enjoining U. S. Gypsum from enforcing those provisions of its patent licensing agreements which have to do with the fixing of prices and conditions of sale of the wallboard; and

(2) Enjoining U. S. Gypsum and the

other defendants from entering into any agreement or understanding in restraint of trade in gypsum board, by license agreements "or other concerted action." The other defendants are U. S. Gypsum's licensees: National Gypsum Co., Certain-Teed Products Corp., Celotex Corp., Ebsary Gypsum Co., Newark Plaster Co., and Texas Cement Plaster Co.

Government lawyers are jubilant over the long-range implications of the unexpected—and unasked for—ruling. They have long had one clear goal in mind:

They want to make it illegal for a patent owner to fix the price at which his licensee must sell the patented product, or the product made with his patented process or patented machine.

• **GE Case**—The government charged U. S. Gypsum with engineering a patent hookup, with price-fixing provisions, which finally included all the makers of gypsum wallboard east of the Rocky Mountains. U. S. Gypsum relied heavily, when it first got into court, on the Supreme Court's unanimous decision in the so-called General Electric Case, handed down in 1926. The court then held it was perfectly legal for GE to fix the sales price of patented lamp bulbs produced by Westinghouse under a GE license. As a result, U. S. Gypsum got the district court, back in 1946, to throw the case out.

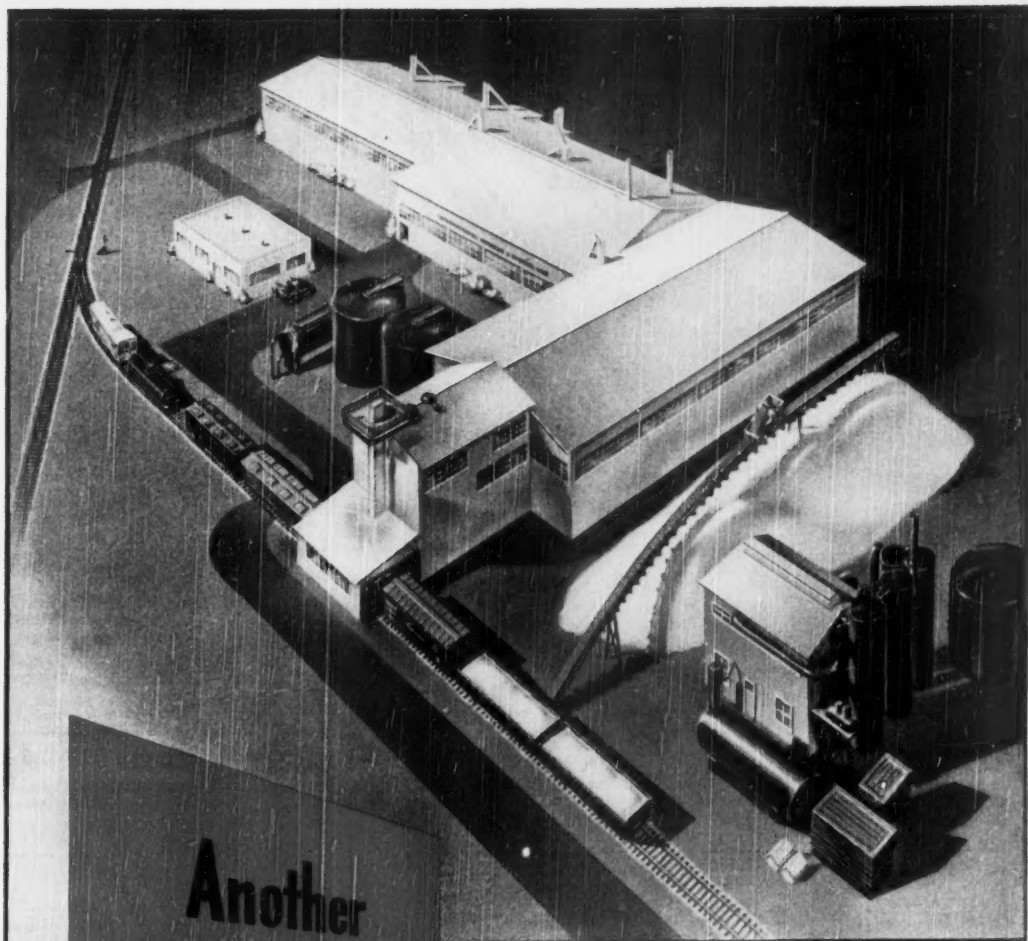
The government appealed—and in 1948, the Supreme Court handed down a stinging reversal of the lower court's action. The district court took the Supreme Court language, and, on the basis of facts already stipulated by U. S. Gypsum, handed down a "summary judgment" against U. S. Gypsum and the other defendants.

• **Two Appeals**—The companies then appealed to the Supreme Court. After all, they hadn't had their "day in court." The antitrusters, on the other hand, asked the court to make the district court decree even broader than it was.

It was on these two appeals that the court acted last week—and handed the government a smashing victory.

First the court turned down the companies. Then it agreed to decide next fall whether it should go further than the district court decree, as the government suggested.

• **Flat Reversal**—Eventually, the antitrusters are gunning for a complete, flat reversal of the General Electric decision. They want the court to declare



Another NEW CHEMICAL PLANT



An expansion and development program now under way at its Florida phosphate operations will accelerate the diversification of *International's* rapidly growing service to industry.

Completely new processes developed by *International's* research organization will be used for the production of its chemicals.

Production of high grade dicalcium phosphate at the new chemical plant will provide a larger supply of this essential material than ever before for industrial chemicals and for animal feed and mineral manufacture. Also to be produced in Florida is a completely new high analysis multiple superphosphate. Eventual facilities are planned for a broad line of phosphatic chemicals for a wide variety of industrial purposes.

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

General Offices: 20 North Wacker Drive, Chicago 6

Your keenest competitor knows —

that no matter how well established his business may be, *nothing can damage it more than better equipment and better methods in the hands of an aggressive rival!*

He also knows that unless **YOUR** equipment and methods are "up-to-the-minute", **YOU** cannot continue to sell **YOUR** products at competitive prices.

Esterbrook

AMERICA'S FIRST
PEN MAKER



The Esterbrook Pen Company, manufacturer of the famous "Renew Point" fountain pen, knows that progressive methods and up-to-the-minute equipment are indispensable for the profitable production of a top quality product and the maintenance of competitive security.

To combine Esterbrook's high quality standards with manufacturing economy, requires 100% inspection with the best equipment available. All the elements of their pen points receive a 100% final inspection on Jones & Lamson Optical Comparators. The closest control standards are maintained to ensure the smoothest functioning pen possible.

A \$5,150 investment in Jones & Lamson Optical Comparators paid off with a \$12,000 annual saving. The machines paid for themselves in about four months.

ARE YOU EQUIPPED TO YOUR BEST ADVANTAGE? Write to our **PRODUCTION RESEARCH DEPARTMENT** for a free check-up on your present operations.

JONES & LAMSON

MACHINE COMPANY Springfield, Vermont, U.S.A.



MACHINE TOOL CRAFTSMEN SINCE 1835
Turret Lathes — Fay Automatic Lathes — Thread
Grinders — Optical Comparators — Threading Dies

that any patent arrangement that fixes prices between two competitors is just as illegal as any other price-fixing deal.

Back in 1948, the court couldn't get together on this. It did, however, rule against General Electric and Line Material Co. for cross-licensing patents on dropout fuse devices—and then putting price-fixing provisions in licenses granted other producers.

• **More on Royalties**—But if the Supreme Court, in its last few hours of spring business, cracked down on one aspect of patent royalties, it eased up on another.

In a decision involving the method of payment of royalties for patents used, the court held that it was legal for a patent owner to fix a royalty payment based on total sales of the licensee's product.

The case involved Hazeltine Research, Inc., a pool of radio and electronic patents. Its standard license agreement called for payment based on a small percentage of the selling price of radio receivers made by the licensed radio manufacturer—or a minimum of \$10,000 per year.

Said the Douglas and Black dissent: The patent owner has used the patents to "bludgeon his way into a partnership" with the licensee, collecting royalties on unpatented as well as patented articles.

MARKETING BRIEFS

Newest TV lure: "A seven-day Bermuda vacation given free with every purchase of any television set." Harmonic Television Salon, Brooklyn, made the offer last week, followed it up (at the request of the Better Business Bureau) with an ad stating that the sets were mostly high-priced models.

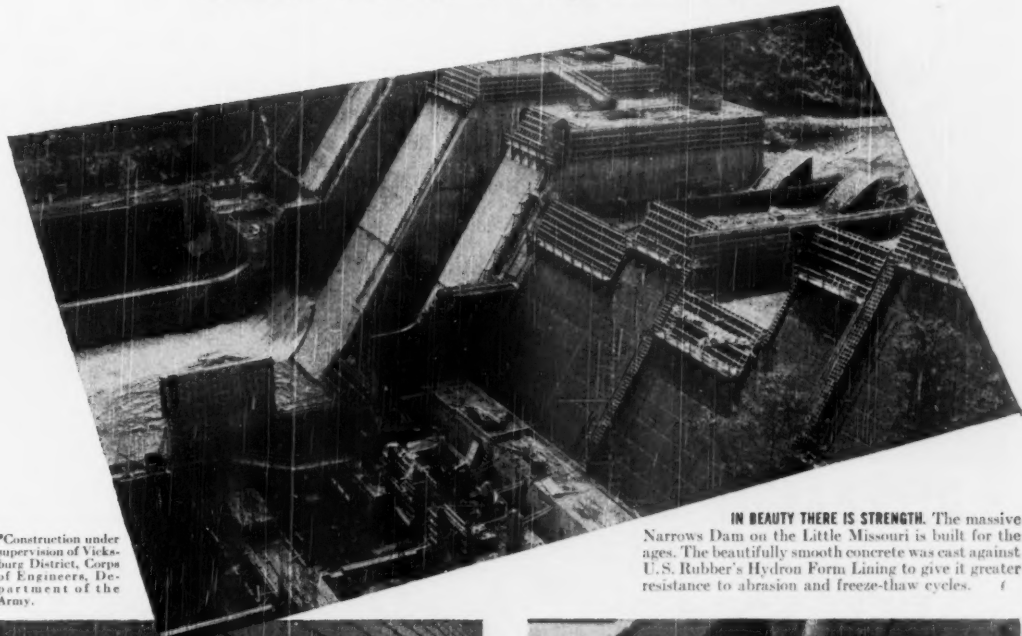
• **Quantity discounts** are being offered to many large residential users of milk in the Detroit area. Because of the seasonal production jump, customers taking 60 quarts or more per month get a 1¢-a-quart reduction.

• **Lever Bros. dropped Bob Hope**—and the Tuesday night spot on NBC—from its fall radio schedule. Other changes: The company will buy two half-hour, night TV programs, and add another five-times-a-week quarter hour to its daytime radio roster.

• **Retail growth** between 1939 and 1948 was larger in the areas surrounding the 32 biggest U.S. cities than in the cities themselves. The Bureau of the Census says that in 27 of the cities, the number of stores dropped about 10%; the suburbs gained 6%.

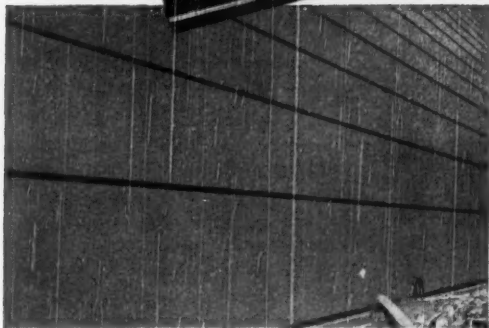
PERFECT COMPLEXION FOR A CONCRETE FACE

Arkansas Narrows Dam* gets a smooth, super-strong
concrete face with U. S. Hydron® Form Lining



*Construction under supervision of Vicksburg District, Corps of Engineers, Department of the Army.

IN BEAUTY THERE IS STRENGTH. The massive Narrows Dam on the Little Missouri is built for the ages. The beautifully smooth concrete was cast against U.S. Rubber's Hydron Form Lining to give it greater resistance to abrasion and freeze-thaw cycles.



BILLIARD-BALL SLIPPERY is the downstream surface of the dam. Hydron absorbs the excess water and eliminates trapped air from the concrete, greatly reduces surface pits. This great "U. S." development comes in flexible sheets only 0.08 inch thick.



300,000 SQUARE FEET of Hydron were mounted to wooden forms quickly and easily with rapid-fire staple guns. Hydron is inexpensive, easy to ship, store, cut or trim. It can be used on big or small jobs, gives longer life, lower maintenance costs.

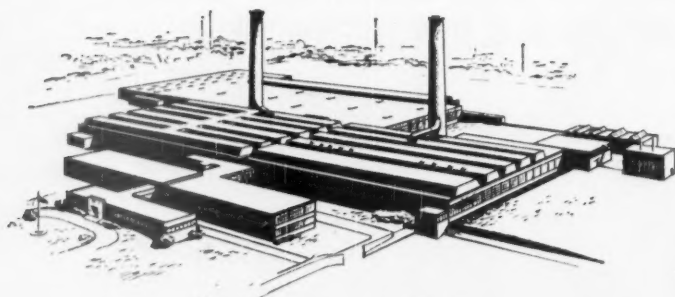
The engineers and contractors who use Hydron Form Linings report Hydron adds *years* to the life of concrete. Yet the total costs, including a satisfactory profit, is only 12¢ to 16¢ per square foot. The use of Hydron eliminates expensive hand rubbing. For more information write to address below.

A PRODUCT OF

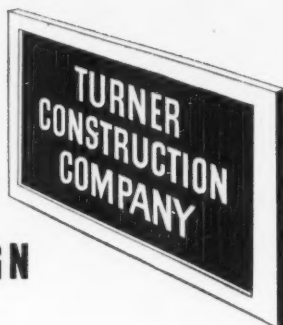
U.S. RUBBER
SERVING THROUGH SCIENCE

UNITED STATES RUBBER COMPANY

MECHANICAL GOODS DIVISION, ROCKEFELLER CENTER, NEW YORK 20, N. Y.



Artist's sketch of the new American Can Company plant in Milwaukee, Wisconsin.



A DEPENDABLE SIGN

Widespread building activity is a dependable sign that the country, as a whole, views the future with confidence.

Equally indicative of confidence is the familiar blue-and-white sign of the Turner Construction Company—which you will see, today, on more and more important construction projects.

Because of the dependability for which that sign stands, many of those projects represent repeat orders from previous Turner clients—as well as new business from owners who have looked into the reasons for Turner's enviable record.

TURNER CONSTRUCTION COMPANY

FOUNDED 1902

BOSTON

CHICAGO

NEW YORK

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Border Incident

Tijuana and San Diego both have claims on TV channel 6. FCC freeze on new stations makes Mexico the likely winner.

As if the Federal Communications Commission hadn't enough trouble allocating TV channels at home, it now has a Mexican border feud on its hands.

The troublemaker is a Mexican radio-station operator named George Rivera. He's the owner of station XECA in Tijuana, just across the border from southern California. Rivera has just received permission from the Mexican Ministry of Communications to build a TV station in Tijuana using channel 6. He will start building as soon as he sets up an operating company.

• **Close to Home**—Rivera's proposed station will blanket a fair chunk of southern California—including the San Diego area. And that's the rub: FCC has already assigned channel 6 to San Diego. But with a Tijuana station operating only 20 miles away, channel 6 would, of course, be out of the question for San Diego. Because of the freeze in new stations, San Diego hasn't been able to use channel 6. All told, FCC has tentatively assigned five channels to the city, but only one is operating.

• **No Agreement**—Despite loud squawks in San Diego, it appears that very little can be done to head Rivera off. The U. S. has not yet made any formal agreements with neighboring countries over channel assignments. A year ago, FCC cited the need for reaching such agreements with Canada, Cuba, and Mexico. But the only thing that has happened up to now has been informal talks with Canada and Mexico. One of the talks included a recent discussion with Mexico over the Tijuana station; FCC made "no commitment," it reports.

In the absence of a formal pact, international law holds—which means roughly, first come, first served. To preempt a channel not in use, Mexico has merely to assign it and then notify the Telecommunications Union at Berne, Switzerland. This organization in turn notifies the interested parties. FCC says that so far it has no word from either the Union or the Mexican government on the Rivera license.

• **Only a Start?**—The Rivera incident may be the forerunner of similar TV border troubles. The way things look now, FCC won't get down to formal border talks until it has settled the allocations problem here. With these hearings pushed back until later this year (BW—May 27 '50, p. 24), formal international agreements will have to go over until sometime next year.



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Get Extra Hours This Easy Way

WITH THE AID OF EDISON'S EXCLUSIVE "CLEAR PICTURE" COMMUNICATION

You save valuable time... your secretary helps you more... office output steps up its pace... with Disc Edison Voicewriter.

It's the one machine that gives you the time-saving of machine dictation and gives your secretary the *understanding* of direct dictation. Your thoughts reach paper without delay, without mistakes—

more work accomplished, more easily.

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Edison's exclusive Ear-Tuned Jewel-Action gives "clear picture" transmission to words having those *s, f, z, th* sounds that ordinarily give so much trouble.

Because Edison reproduces a thousand *more* cycles per second—you can dictate in relaxed comfort... your secretary can

match your speed with less effort, less strain, fewer errors.

No other instrument matches Edison understanding—only Edison has Ear-Tuned Jewel-Action.

Write us for the helpful free booklet, "How to Simplify Your Daily Life." Address Thomas A. Edison, Incorporated, 46 Lakeside Ave., West Orange, N. J.



Executives save as much as a month a year when they replace old-fashioned handling of communications with the modern Disc Edison Voicewriter. Secretaries are freed for "junior executive" duties.



Compact Disc Edison Voicewriter is expressly built for office dictation and is portable, too—but with no sacrifice of understandability.



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Why Bundyweld is



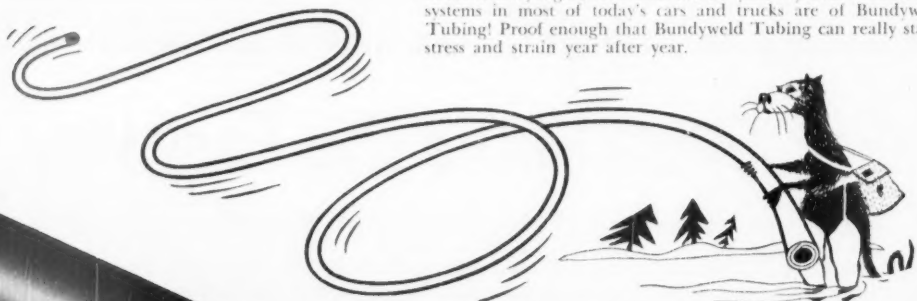
Fishing around for a tubing?

Whatever your product, whatever the tubing application you have in mind, trust Bundyweld to meet all your musts, and more.

No other tubing has all Bundyweld's features, for no other tubing is *made* like Bundyweld. It's double-walled from a single strip! Result: the amazing combination of Bundyweld advantages you'll find below.

**BUNDYWELD BRAKE LINES ARE REALLY ASTOUNDING;
THEY'LL LAST FOR YEARS THROUGH VIBRATION AND POUNDING.**

If your top tubing requirements are *strength and high resistance to vibration fatigue*, here's the cue for you: Hydraulic brake line systems in most of today's cars and trucks are of Bundyweld Tubing! Proof enough that Bundyweld Tubing can really stand stress and strain year after year.

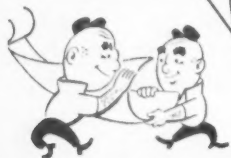


**IT'S LIGHTWEIGHT, IT'S STURDY, IT FORMS LIKE A CHARM,
YOU CAN HANDLE IT ROUGHLY..NO DAMAGE OR HARM.**

With all its stamina, Bundyweld fabricates with unbelievable ease. It sails through practically any machining operation; bends more readily, takes more bending without collapsing or weakening structurally. Your production lines can turn out radiant heating grids, tubular frames, beer coils or other, fabricated units without a hitch.

**WHY BUNDYWELD
CAN'T BE BEAT**

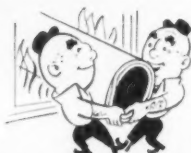
**SIZES UP TO
5/8" O.D.**



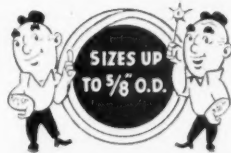
First, a single strip of basic metal, coated with a bonding metal, is . . .



rolled twice around into a tube of uniform thickness, then . . .



passed through a furnace. Bonding metal fuses with basic metal, presto—



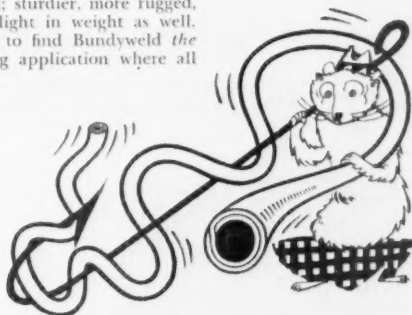
Bundyweld . . . double-walled and brazed through 360° of wall contact.

the reliable tubing



**WE LITERALLY...LATERALLY ROLL IT UP DOUBLE,
GAIN GREAT EXTRA STRENGTH THAT FREES YOU FROM TROUBLE.**

Bundyweld is double-walled from a single strip and brazed through 360° of wall contact. It's stronger walled, yet thinner walled; sturdier, more rugged, amazingly leakproof, yet light in weight as well. No wonder you're so apt to find Bundyweld the answer to a knotty tubing application where all other tubing has failed.



**EVERY BIT OF YOUR ORDER GETS CHECKED WITHOUT FAIL,
FOR LENGTH, AND STRENGTH, AND FREEDOM FROM SCALE.**



Bundy shipments roll into your plant, checked by us as if they were jewels. Bundy crews watch length, strength, walls, I.D., O.D., bursting strength, freedom from scale . . . everything. Your crews can concentrate on production, instead of costly double-checking.

**IF A TRICK TUBING BEND HAS YOU 'TWIXT AND BETWEEN,
ODDS ARE WE KNOW HOW WITH A BENDING MACHINE.**

Repeatedly, Bundy engineers have produced some of the most intricate bends to order. And when a bending fixture hasn't existed, Bundy has designed it. Bundy clients make substantial savings through this service alone (not to mention savings in production costs from the special qualities of Bundyweld Tubing itself). Bring that bending problem to Bundy!

**IF you need a tubing, here's a tip that will pay:
Hook onto Bundyweld, right now—today.
We make it in nickel, in Monel and steel;
They all cut your costs and add product appeal.**

FREE! Send for our 20-page illustrated booklet filled with facts and figures on Bundyweld properties, uses and fabrication helps. You'll find dozens of suggestions on how Bundyweld may mean real savings in a design, structural or functional application. For booklet, or for queries on a possible use of tubing, just call or write: **Bundy Tubing Company, Detroit 14, Michigan.**



Bundyweld Tubing®

DOUBLE-WALLED FROM A SINGLE STRIP

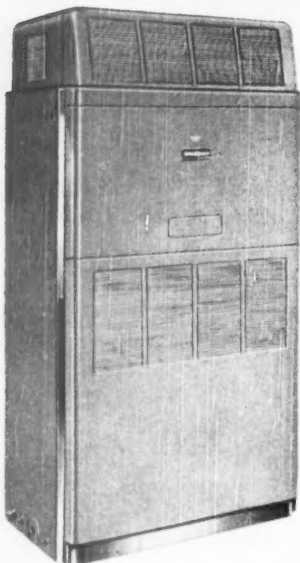
Bundy Tubing Distributors and Representatives: Cambridge 42, Mass.: Austin-Hastings Co., Inc., 226 Binney St. • Chattanooga 2, Tenn.: Peirson-Deakins Co., 823-824 Chattanooga Bank Bldg. • Chicago 32, Ill.: Lapham-Hickey Co., 3333 W. 47th Place • Elizabeth, New Jersey: A. B. Murray Co., Inc., Post Office Box 476 • Philadelphia 3, Penn.: Rutan & Co., 404 Architects Bldg. • San Francisco 10, Calif.: Pacific Metals Co., Ltd., 3100 19th St. • Seattle 4, Wash.: Eagle Metals Co., 3628 E. Marginal Way • Toronto 5, Ontario, Canada: Alloy Metal Sales, Ltd., 891 Bay St. • Bundyweld nickel and Monel tubing is sold by distributors of nickel and nickel alloys in principal cities.

FOUND: An Extra Selling Floor!

"Stifling summer heat forced us to use our top floor only as a warehouse—until we installed Frigidaire Air Conditioners. Now it's a highly productive furniture department," says P. R. Tennyson, vice-president of Powers Dry Goods Co., Inc., Minneapolis, Minn.



Space Pays Profits All Year 'Round with FRIGIDAIRE AIR CONDITIONING!



Yes, air conditioned space pays off in bigger sales, in higher productivity, in more profits all year 'round—no matter what the weather. And the ideal way to air condition any space is with this Frigidaire Self-Contained Air Conditioner. It's compact, quickly and easily installed, singly or in multiple. Ideal for homes, too. And look at all the special Frigidaire advantages it gives you:

Good-looking. Smartly modern styling by world-famed Raymond Loewy.

Controlled Airflow. Flexible control of the airflow—on one or all four sides.

Fast-cooling. Exclusive Multipath Cooling Unit insures smooth, fast cooling action.

Dependable. Frigidaire Compressor, cooling unit and controls precision-matched for years and years of low-cost, trouble-free operation.

Quiet. Expertly applied, heavy insulation keeps noise inside—keeps moisture from forming outside.



NEW LOW PRICES make Frigidaire Self-Contained Air Conditioners and Window Air Conditioners easier than ever to own. For full information, call your dependable Frigidaire Dealer today. Look for his name in your Classified Phone Book, under "Air Conditioning" or "Refrigeration Equipment."

FOR INDIVIDUAL ROOMS in homes, offices, hotels, and hospitals, Frigidaire Window Air Conditioners supply the same kind of air conditioning as big, theater-size systems. They're self-contained and easily installed. Famous Meter-Miser that powers them is noted for economy.

Over 400 Frigidaire commercial refrigeration and air conditioning products—most complete line in the industry.



FRIGIDAIRE Air Conditioners

Milk Magic

Enrich fluid milk with powdered milk, sell for 1¢ more and presto, no surplus, no subsidy. A Rube Goldberg that might work.

California dairymen are studying a proposal to get rid of surpluses and federal subsidies on milk products by forcing consumers to drink enriched—and higher-priced—milk. It will take a lot of studying; like all plans involving milk, this one has such a complex linkage of cause and effect, it could only have been invented by a Rube Goldberg mentality. But it might work.

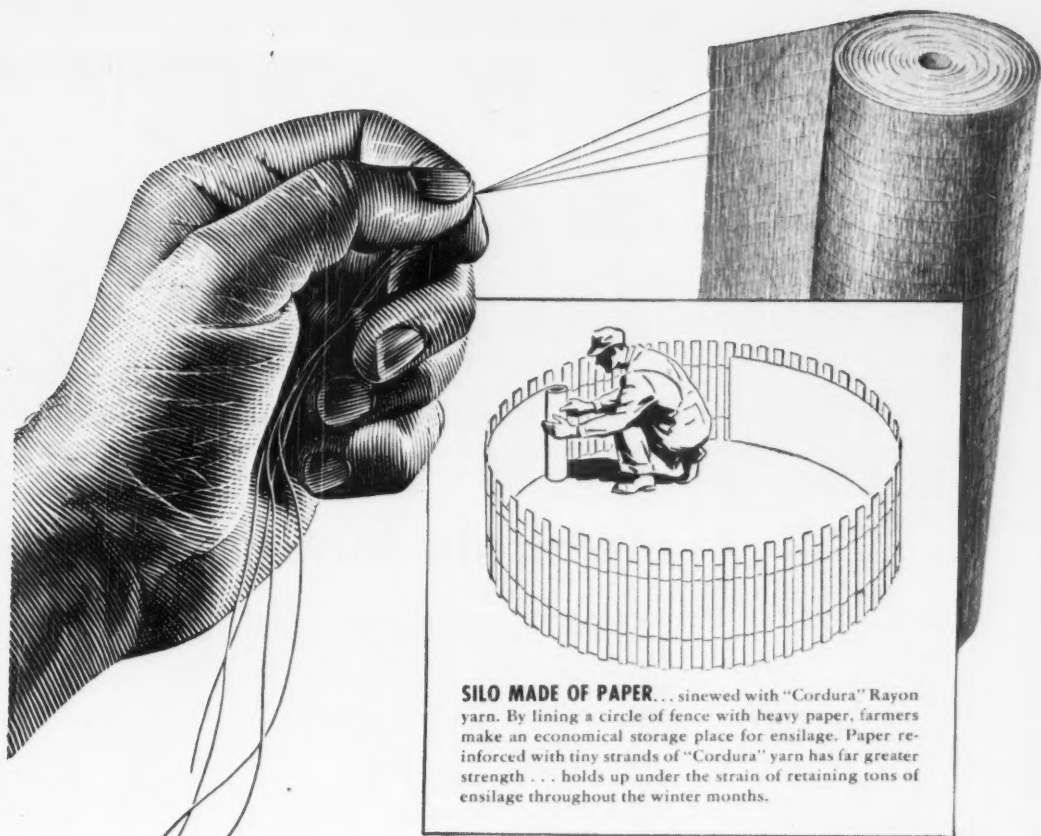
• **Consumer Subsidy**—Here's the idea. There's too much milk, so dairymen make milk powder of the surplus, sell it to government warehouses. The proposal is to stop selling the powdered milk to the government, sell it to the consumer instead, mixed in with regular milk. The powdered milk added to regular milk would enrich it, so dairies could charge higher prices for milk. The higher price would take the place of the government subsidy.

• **Machinery**—But it takes some intricate manipulation to make that machinery work. For one thing, a lot of state laws would have to be changed. Many states have laws setting a minimum standard for nonfat content in milk of 8% or 9%. If these minimums were hiked to 10%, dairies around the country would be forced to blend an estimated 750-million lb. of powdered nonfat solids with their milk. This could turn the powdered milk market from a surplus to a shortage position.

It's estimated that this enrichment of milk would raise milk prices a penny a quart. Consumers are sure to object to that. So the author of the plan has his arguments all ready. For a 5% price increase, consumers would be getting a 124% nutritional increase; and the federal budget would be saved \$50-million a year in subsidies for dry milk powder.

• **More for Dairies**—At the same time, the dairy industry would increase its revenues. Milk powder sold as powder is worth only about 12¢ a lb. But sold in liquid form as an enriching element in premium-priced milk, the powder would be worth 30¢ a lb. That increase in worth would net the industry \$135-million to \$150-million a year.

• **Bugs**—The author of this ingenious plan is George D. Armerding, western representative of Mojonner Bros. Co., Chicago, manufacturer of milk processing equipment. No one has found any real bugs in Armerding's plan yet—except that consumers might not want their milk enriched to the tune of a penny a quart.



SILO MADE OF PAPER... sinewed with "Cordura" Rayon yarn. By lining a circle of fence with heavy paper, farmers make an economical storage place for ensilage. Paper reinforced with tiny strands of "Cordura" yarn has far greater strength... holds up under the strain of retaining tons of ensilage throughout the winter months.

**Surprising
what you can do
with this
rayon yarn**

SO MANY different products have been improved with Du Pont Cordura* High Tenacity Rayon. This is the yarn that makes conveyor belts thinner... yet tougher. It takes the stretch out of V-belts. It makes garden hose so durable that one manufacturer now offers it with a ten-year guarantee. "Cordura" builds in sales advantages... and often *decreases costs* at the same time.

This carefully engineered yarn is inherently stronger than natural fibers commonly used. Made of continuous filaments, it has no short ends to pull apart under strain. And "Cordura" is absolutely uniform... a yarn with no weak spots.

Consider these advantages, and you may find that this rayon yarn can help you cut costs and add new selling points to your product.

*REG. U. S. PAT. OFF.

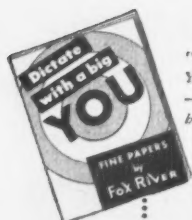


YOU CAN GET ALL THE FACTS about "Cordura" in this new manual, "Sinews for Industry." It gives physical properties of "Cordura," describes many successful applications... and tells you how Du Pont will help you profit from this yarn. Write Rayon Div., E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.



BETTER THINGS FOR BETTER LIVING... THROUGH CHEMISTRY

Du Pont "Cordura" High Tenacity Rayon—for high strength at low cost
for RAYON...for NYLON...for FIBERS to come... look to DU PONT



FREE BOOKLET
"Dictate with a big
YOU". Write today
—use business letter-
head, please.



Dictate with
a big "YOU" on

*Fine
Paper*

WATERMARKED

by

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COTTON-FIBER BOND, ONION SKIN, LEDGER

Many money-making tips in this free booklet authored by Dr. Robert R. Aurner, better-letters authority. But every suggestion emphasizes: Why spend dollars of time composing the *right* letter — then entrust it to the *wrong* paper?

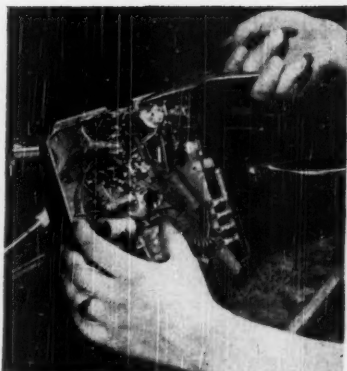
Just think! You could be using letterheads on the cheapest newspaper stock ... you could switch to beautiful 100% cotton-fiber letterhead paper by Fox River, with matching envelope, and your extra cost per letter would not be over 1¢! Smaller costs ranging downward in 75, 50, 25% grades. Samples with free *YOU* booklet. FOX RIVER PAPER CORP., 1322 Appleton St., Appleton, Wisconsin.



PICTURE REPORT



MOTOROLA GIRL Vera Oitker used to look like this when she came to work.



HER JOB isn't exactly conducive to delicate hands and the skin you love to touch.

Motorola Morale Booster:



AT THE MOOSE CLUB, in Quincy, Ill., Motorola girls get the word on makeup and hairdo. The company brought the Stevens course in to boost employee relations.



PATRICIA STEVENS illustrates fine points of face-washing. A functionary elaborates.



LIPSTICK application is the subject of this lesson. You put it on with a brush.



JUST \$3—and a week at the Patricia Stevens charm course—and she looks like this.

Charm School

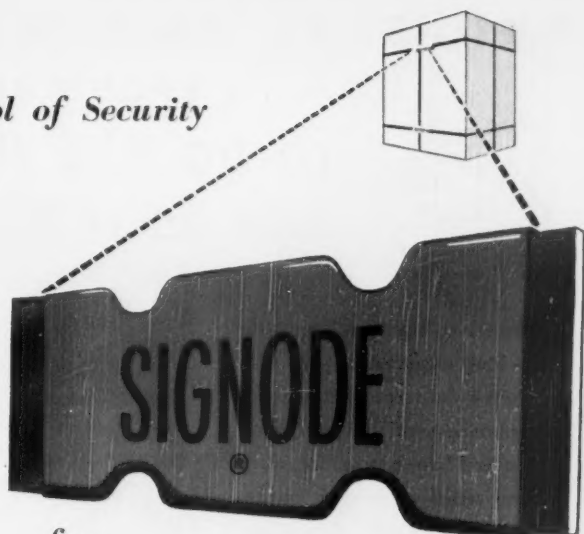


CHARM EXPERTS give Vera a couple of once-overs, plan the charm attack.



VERA learns to stand attractively.
(TURN TO NEXT PAGE)

Symbol of Security



for 30,000 SHIPPERS

This red seal identifies the products of Signode, an organization devoted to the development of better packaging and shipping methods... through the use of tensional steel strapping.

Wherever you see these red Signode seals, on boxes, crates, bundles, or on shiploads, truckloads or freight carloads of raw or manufactured commodities, you see the end result of 30 years' research and manufacturing development in the production of steel strapping... in the design of better strapping tools... and in the perfection of techniques for using steel strapping to protect and reinforce shipping containers.

Today, more than 30,000 business concerns are benefiting from this research leadership... in lower costs, less pilferage, fewer damage claims and greater customer satisfaction. If you are not among them, we'd like an opportunity to tell you the whole story. A letter, wire or, better yet, a telephone call will insure prompt action.

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Offices in all principal cities in the U.S.A.

In Canada: Canadian Steel Strapping Co., Ltd.

Subsidiaries and distributors in most foreign countries.

RED SEAL ENGINES



... EACH BUILT
TO DO ONE JOB
AND DO IT WELL

Engineering "rightness" resulting from long experience, joins with exclusive features and unusual completeness of line to recommend Red Seal engines for every power need within their range. The manufacturer of vehicles, farm machines or specialized industrial equipment, as well as the individual choosing power for generator, pump or other use, will find in today's broad Continental line—from $\frac{3}{4}$ to 270 horsepower—one or more models engineered expressly for his application. It will be the BEST engine he can buy for its intended use, because Continental specialization means that it's built to do one job and do it well.

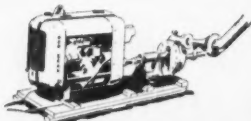
SERVICE AND PARTS
FROM COAST TO COAST



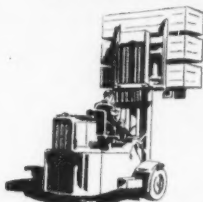
MARINE craft ranging from runabouts up to heavy work-boats.



TRACTORS, combines, sprayers, and other farm machinery.



PUMPS for farm, ranch, construction and oil field use.



INDUSTRIAL trucks, tractors and specialized materials handlers.



GRABBERS, earth-movers, roadbuilding and maintenance equipment.



COMPRESSORS, concrete mixers, drag-lines, cranes and hoists.

Continental Motors Corporation
MUSKEGON, MICHIGAN

CHARM (Cont'd from page 73)



SLIM HIPPS and how to keep them—that's what these joint gyrations are for.



CLOSEUP of the Stevens-trained head seems to indicate it was well worth the \$3.

Five Easy Lessons

Motorola gets Chicago model agency to set up a charm school as a morale booster for female employees.

Companies try to please employees in hundreds of ways, from bonuses to baseball games, but Motorola, Inc., is probably one of the first to charm them—the women, anyway. The company got the Patricia Stevens model agency to come down to Quincy, Ill., from Chicago and set up a charm school. It was opened to 300 female employees, as well as wives of male employees. Each "student" paid \$3, and Motorola picked up the check for the rest of the cost.

Held at the Quincy Moose Club, the charm course extended over an entire week, five two-hour sessions. Windup of the program was a company dance held this week to announce the winner of a Miss Motorola contest held in connection with the charm school.

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Here, Durkee manufactures whipped salad dressing and uses VOTATOR Processing Apparatus for starch cooking, cooling and plasticizing operations.

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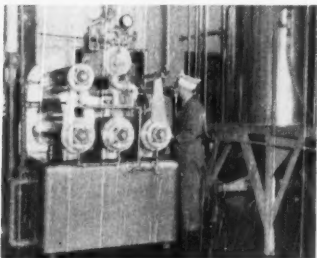
former batch methods took hours!

If you process any liquid or viscous material involving the transfer of heat, you should investigate VOTATOR Processing Apparatus without delay. Find out how it can help you increase product quality and lower costs! Call or write us today!

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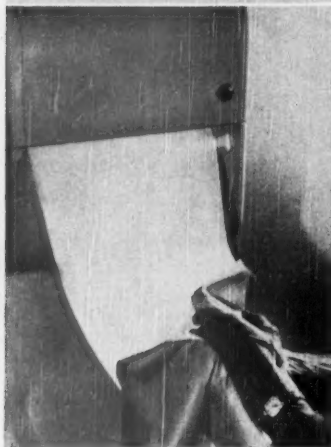


VOTATOR Salad Dressing Apparatus at Durkee

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EXECUTIVE OPINION



Fred Lazarus, Jr. Tells
What's Ahead for Department Stores:

"Intelligent Flexibility"

It's not uncommon for marketing men to call the department store a dying institution. "Too high cost," they say, "too sticky." On this, they'll get a vehement argument from Fred Lazarus, Jr. He's president of the vastly profitable Federated Department Stores, Inc. (which includes such stores as New York's Bloomingdale's, Filene's in Boston, Foley Bros. in Houston).

Lazarus is ready to admit that today's department store operation has its flaws. But his organization has been doing a lot of experimenting in cost-cutting, upgrading personnel, and giving better service—all of which, he believes, will pay handsome dividends in the future. BUSINESS WEEK invited him to tell the electronic recorder how and why.

BW: What is your policy on branch stores? Are you going to have to shift most merchandising out to the suburbs as the population shifts that way?

LAZARUS: Not as the population shifts, particularly. I think the test is going to be whether or not public transportation, express highways, and parking facilities are adequate for customers to come to town. In cities where that isn't so, I think we are going to have to go into branch-store operation.

BW: It wouldn't be a bad investment would it? With a branch store you can start from scratch with a new, more efficient plant.

LAZARUS: Yes, I think it would be a better investment of the dollar under some circumstances. On the other hand, the branch store doesn't give customers the choice that the main store does.

Now for some lines—children's goods, for instance—women unquestionably would rather take their youngsters to branch stores and not have to bring them down to the crowded cities. On the other hand, it would seem to me that when women want to buy nice dresses and good-looking hats—fashion merchandise—they would rather have the wider choice large stores in the downtown areas offer. That is purely an

idea. We haven't been in the branch-store business long enough to say that this is so, or that is so.

BW: What about the human side of your business? What's going on there?

LAZARUS: We are setting the whole focus of responsibility and authority at a much lower level in the echelon than ever before.

BW: You are decentralizing authority down to what level?

LAZARUS: The department level.

BW: Who is the key man in each of these departments?

LAZARUS: The department manager.

BW: Is that the equivalent of what is commonly known as the "buyer?"

LAZARUS: Yes, roughly.

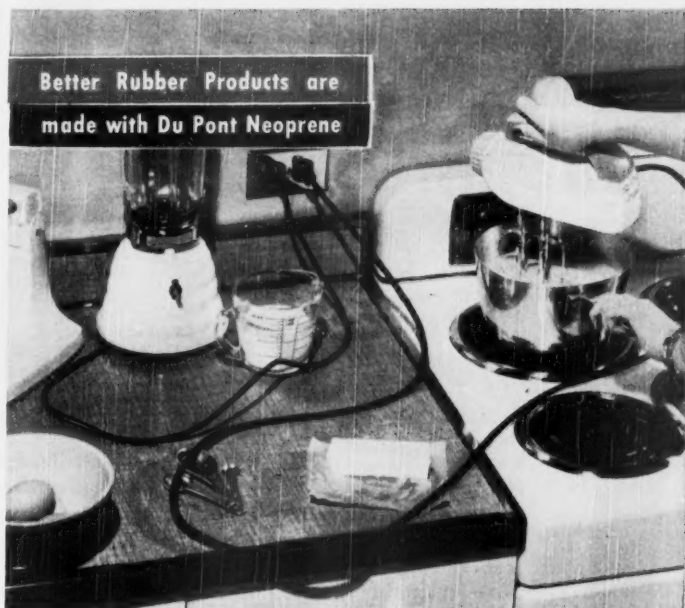
BW: How are you going to get these lieutenants to take on this authority?

LAZARUS: Well, I believe that the people will respond very rapidly to authority and responsibility if they are given the proper information, and if they are given the instructions with the degree of flexibility that should go along with it. Without it, they can't succeed. The information becomes the nub of the situation. Once that information is simply assembled and properly accurate, you find that department managers are usually competent and anxious to take on responsibility.

BW: We always seem to be coming back to the same thing—the efficient department store of the future is based on intelligent flexibility, not historic rules?

LAZARUS: That's right. The business has to free itself from historical precedent. Now let's look at the contrast. Under the old system, we had the pyramid idea. One group of people was responsible for buying, another for selling, another for advertising, and another for services to the customer. Then you have to set up a policy for service, and so you say to the service man, "These are the services you are going to furnish customers." You say to the department manager, "These are the services which you are going to add to your goods; on the basis of our historical experience, those services cost a certain percentage of selling price which must be taken into consideration in the price of your merchandise." You say to the advertising manager, "You have a certain number of dollars in your budget. You are going to divide it by departments on the historical basis and volume of the previous year." You say to the accounting side of the business, "You are going to finance these departments according to certain definite plans, and that financial setup is based on last year's standard."

Well, now what happens? Under that kind of system, there is only one person who can really have profit responsibility in the store, and that is the general manager. Nobody else can do a full



KEEPS THINGS COOKING IN THE KITCHEN

Neoprene-jacketed cord and cable withstand conditions that cause most wiring failures

All these mistakes may not occur at once in the kitchen, but the picture does show you what usually happens to appliance cord during its life. It comes in contact with grease, fats and food acids . . . is exposed to heat from stove burners. And since ordinary cord can't stand all this, it fails long before the appliance wears out.

But such irritating and often dangerous cord failures needn't happen today. Leading manufacturers have found that cord with a jacket of tough, durable neoprene has outstanding resistance to heat, fats, oils, grease, moisture and cleaning powders . . . won't become soft, sticky or crack with age.

This is just one of many cases where a rubber goods manufacturer uses neoprene to make better, longer-lasting products. A neoprene cover adds years

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- give employees greater safety and convenience in cashing their pay checks
- avoid money loss through check-tampering (each Todd *ABC Management Message* check is insured for *your* protection)
- create goodwill among local merchants
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Todd *ABC Management Message* checks are designed for every company...for *any* payroll system. Let us prove the value of these new checks to *you*. Just clip and mail the coupon *now* for full information.

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BW-6-17-50



ROCHESTER SALES OFFICES IN NEW YORK
DISTRIBUTORS THROUGHOUT THE WORLD



"Every service which the customers don't really want must be eliminated."

job—everyone does a piece of it. So a dynamic, fast-moving business, changing from day to day, is run on the basis of estimates set up on experience gained in the same period of a previous year. It doesn't make sense.

BW: By contrast, how does your department manager operate?

LAZARUS: He is the person who buys the goods and is responsible for the sale of them. He must differentiate between the services he wants to add on each item to fit customer demand, and eliminate services he doesn't believe customers want. Under this plan, it becomes important that the cost of each item and service should be known to the department manager. Suppose you put a demonstrator working on the sale of plain-colored ties: It may double the cost of selling, but if that's a service the customer wants, there is a selling advantage to it. The department manager must be trained to know what services need be tied to particular merchandise, and to understand what he is doing when he is adding various expenses. It is in this field that I think great progress will occur.

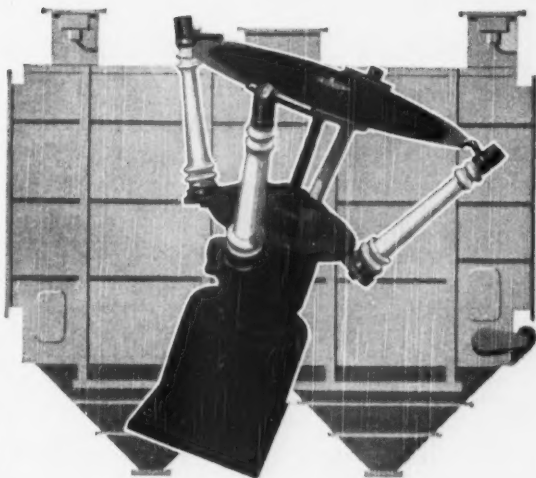
BW: In other words, we are back to the flexibility concept again—this time flexibility of costs.

LAZARUS: Yes—intelligent flexibility. The department store has as its raw material the goods it buys from a manufacturer. When the goods come to our loading dock, that's the same as raw material going into a factory. What we then do is put layers of service on each item and try to interpret correctly customer desires.

Now, unfortunately in the past a good many department stores—most of them, in fact—have merged all their costs, their layers of service, on a more or less historical average. Then the stores would take that over-all lump and add



**ELECTROSTATIC
...YES**



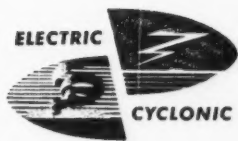
DESIGN-STATIC...NO

The advent of the Buell 'SF' Electric Precipitator breathes new life into precipitator design. High efficiency recovery of ultra-fine dusts, fumes and vapors takes on new operating ease and reliability.

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A CENTURY OF CONFIDENCE



"We are setting the whole focus of responsibility . . . at a much lower level."

it to the price of all merchandise. Well, that isn't the job for the future.

You have to differentiate among items—not only among departments, but among items that make up those departments. And the job shouldn't be based on history at all. It ought to be on the basis of present-day costs. In my judgment, the costs of service which you add to merchandise can be known and estimated so closely that there is only a very small error factor in them. Once that happens, the cost of distribution can be intelligently reduced.

And it's the department manager who is supposed to be able to assemble all the facts. When he buys the goods he must know what services need to be added to make those goods acceptable. To make him more expert, it seems to me, is our job.

BW: You think that a department store, with such a system, can compete successfully with other merchants?

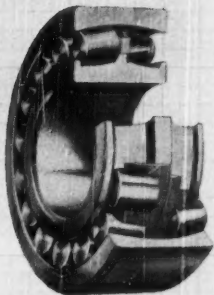
LAZARUS: Fundamentally, the department store has every advantage as a distributive institution, because it sells 275,000 items in the most economical place to shop from the standpoint of the customer's time. That's No. 1. Point No. 2 is that most department stores' basic costs are extremely low. I say basic costs. But the costs which we create of our own volition—often through the tradition of the business—are what need to be reexamined to see if they are justified under today's conditions. Now when we do that, the department stores ought to be the most dynamic and economical operation that there is in the U.S., so far as retail distribution is concerned.

BW: Flexibility again . . . What kind of future is there for department stores if they just continue operations as they now are without change?

LAZARUS: The same as any other

crushing big ones into little ones with

TORRINGTON SPHERICAL ROLLER BEARINGS



460 shock impacts per minute are absorbed by Torrington Spherical Roller Bearings as they help Barber-Greene Ebersol jaw crushers size rock to specifications.

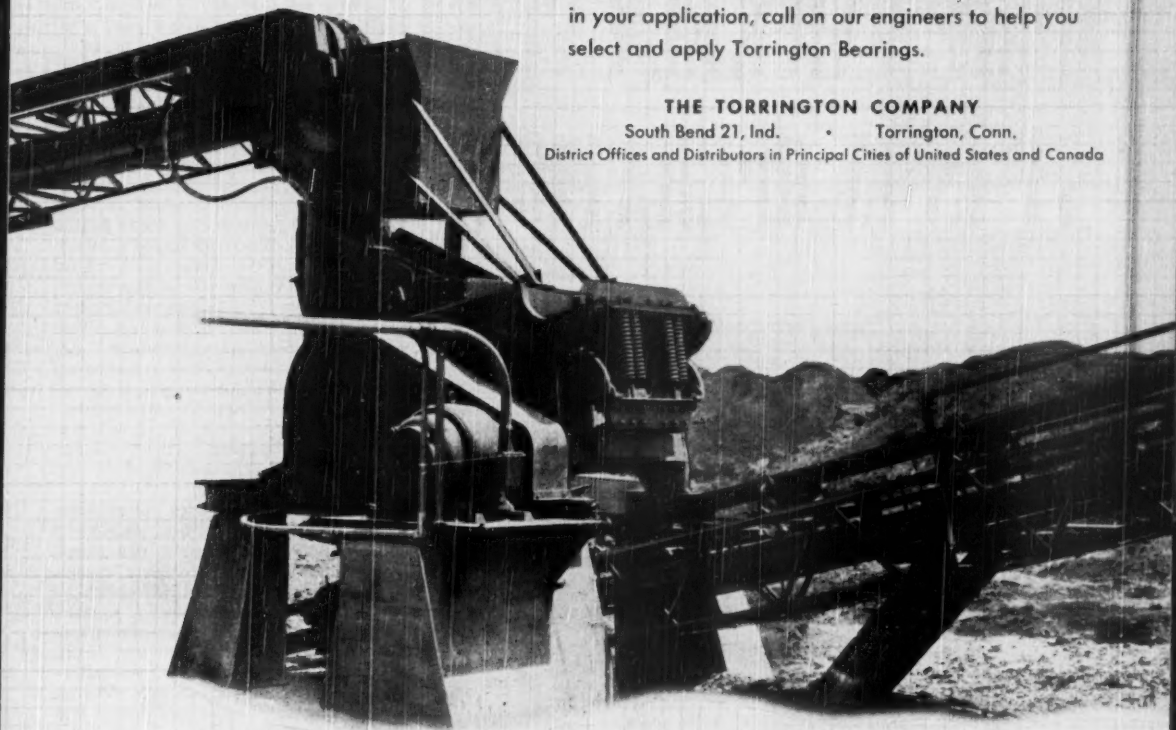
Extreme overloads are handled with ease by these heavy-duty bearings. Because they are freely self-aligning, they maintain full roller-to-race contact for sustained capacity despite shaft deflections under shock loads.

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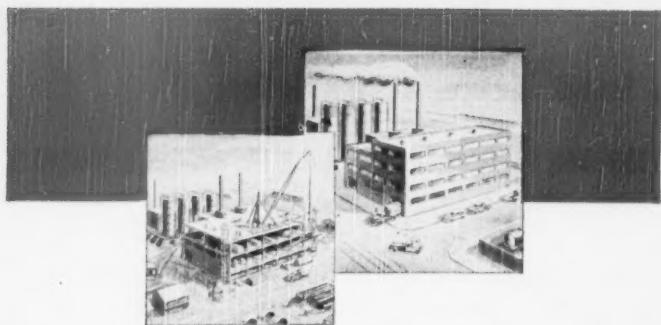
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"It's very easy to look past the human relationships that go with buying and selling."

inefficiently operated organization.

BW: In other words, what the department store has to do in the future is put in cost-cutting devices. . . .

LAZARUS: Yes, they must do that in two ways. Every service which the customers don't really want must be eliminated. We must also find out the way to give the services the customers do want at the lowest possible cost.

BW: What about mechanization? You just recently opened a new U-Serv-U vending-machine store in Boston. How does that fit into the department store of the future?

LAZARUS: We believe that it's another method of distribution that ought to be tried out to find out if it has acceptability.

BW: So this is really an experiment?

LAZARUS: That's right.

BW: This U-Serv-U is in the Greyhound Bus Terminal, isn't it?

LAZARUS: Yes.

BW: Not in the main store?

LAZARUS: Oh, no.

BW: You haven't tried putting vending machines into the main store itself?

LAZARUS: No—not to any degree. There are some small vending machine operations in some of the stores for cigarettes, drink products, and items of that kind. But generally, we haven't attempted it.

BW: Is there a possibility you will?

LAZARUS: Yes, we may. We are watching the Boston experiment carefully. We are also studying other methods—what is happening in the new large supermarkets, and so forth—and comparing them with costs in our operations where we believe we are very efficient. The differential between furnishing a right amount of selling service and no selling service at all isn't quite as great as people think it is.

As a matter of fact, some of the

newer food stores have started to give selling service again in a substantial number of departments. They have found out that a sales person can meet customers, take care of them, and do stock filling-in and many other chores for which a pure serve-yourself store would need personnel anyhow, even though nobody is meeting the customers. In this newer type of store, sales per square foot are greatly increased by intensified selling.

BW: So there's a point at which self-service becomes uneconomical again?

LAZARUS: Perhaps. One needs to look at it. It's very easy to look past the human relationships that go with the buying and selling of merchandise.

BW: Have you any other cost-cutting plans, aside from the vending machines?

LAZARUS: Oh, yes. There are experiments going on in every one of our stores. For instance, we started some months ago to reduce the number of handlings of sales checks. We found that a sales check for a charge-send sale was handled 138 times. Now, we have been able to eliminate a great many of those handlings. . . .

BW: . . . and reduce the number of times you can make a mistake?

LAZARUS: Tremendously. And, of course, that's a very serious thing. An error today costs very nearly \$2—somewhere between \$1.75 and \$2.05. And that isn't all—it means we start all over again as far as that customer is concerned.

BW: Have you made any other economies?

LAZARUS: We have some interesting studies now going on with regard to the receiving and marking functions. Also, we are able now to handle merchandise returned by customers more rapidly than we did before by treating it in some of our stores as incoming merchandise.

BW: Just as though it were new merchandise?

LAZARUS: The same as new merchandise.

BW: Do you think there are any advantages to a chain operation as opposed to individual-store operation?

LAZARUS: We believe there are. And we believe the advantages aren't particularly in so-called buying advantages. We believe that the great advantage is in the determination to experiment. We carry on a perfectly tremendous amount of research in distribution—not only in costs but in testing the kind of services that customers want. And then we are very sure to make the experiments that are particularly successful or radically unsuccessful known to other stores in our group. That's the great advantage.

BW: In other words, know-how is more important than mass buying?

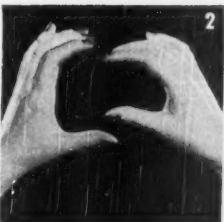
LAZARUS: Much. Always.

"It's not the heat, it's the humidity"



Read the sign language story of how York puts the Indian Sign on sultry weather when . . .

1 Most comfort air conditioning is geared to a little bit of humidity and a large amount of heat. But that condition doesn't often hold true.



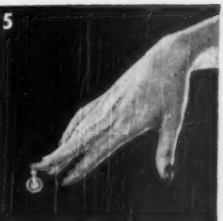
2 Most of the time the atmosphere contains lots of humidity and moderate amounts of heat . . . when "It's not the heat . . . it's the humidity."



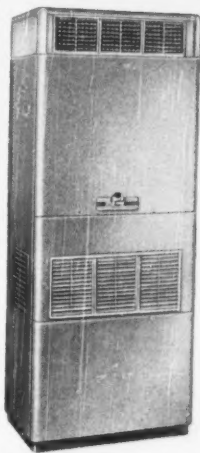
3 So York developed the V-shaped Cooling Coil and Atmosat. During normal ratios of heat and humidity, they maintain normal reduction of moisture—temperature, conducive to greatest comfort.



4 But look! Now 100% of the cooling is concentrated in a single section of the V-Coil. The Atmosat is on the job—wringing excessive moisture from the air without excessive chilling!



5 This is the Atmosat switch. Simply flip it to "drier" to activate Atmosat control when you want to squeeze excess humidity from the air without that cold, raw, damp, chilly effect.



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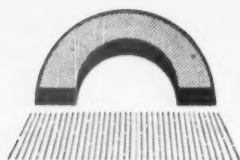
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WEST VIRGINIA



CITIES



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COMPANY STORES saved tire companies—and Akron. City is distribution hub.

Rubber Goes—Still It Grows

Tire production has been drifting out of Akron for 30 years, but still the city grows. Old mainstays—cereal and machines—and newcomers—plastics and distribution—have taken up the slack.

By all the rules, Akron should be in a bad way. Its rubber industry, saddled with a cost-boosting six-hour day, has been expanding outside of Akron for the past 30 years. The United Rubber Workers (CIO) has long been a thorn in management's side. Besides keeping the shorter work day, the union has resisted the rubber companies' attempts to mechanize. Little wonder

rubber has drawn away from Akron. • **No Stopping It**—But troubles haven't kept Akron from going right ahead and growing. And the rubber companies are responsible for that growth. For despite a retreat on the manufacturing front, rubber has moved some of its other activities into the city to take up the slack.

The biggest of these is merchandis-



They put a handle on an ice cream bar!

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"THE GOOD HUMOR MAN"
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Good Humor revolutionizes the ice cream business—charms 10,000,000 "kids" of all ages!

"The Good Humor Man," a current Columbia Picture, shows how much a part of the American scene is the white-uniformed Good Humor man with his white Ford Truck.

"The Good Humor ice cream bar was born in Youngstown, Ohio, in 1920," says Ford Truck user Joseph Meehan, president of the Good Humor Corporation.

"The idea of freezing iced confections on sticks revolutionized the novelty ice cream business. As a result, the Good Humor Corporation has grown from a small ice cream parlor into a nationally famous concern." Today, Good Humor is the largest street vendor of ice cream in the world.



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"We're switching to Ford Trucks at the rate of 200 trucks per year because our cost ledgers show that Ford Trucks cut truck operating expense," says Good Humor's Joseph Meehan. "Sales ledgers tell another strong story. Ford reliability helps keep sales up by cutting lost-time losses. We work only the warmest months of the year. Truck schedules are timed as carefully as a commuter train. So, lost time is a big problem. Ford Trucks help solve this problem."

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SAVE MONEY. Choose from two V-8 and two 6-cylinder engines—over 175 models from 95-h.p. light-duty Pick-ups to 145-horsepower Big Jobs—Double Channel frame for bigger load capacity—Bonus Built reserves of strength and power for long life and economical performance.



WHERE PENNIES ARE BIG MONEY the Ford F-1 is the key to economy. Ford model shown above is chassis-windshield with special custom body. The F-1 has Air-plane-type shock absorbers. Feather-

foot brakes for easy stopping. 95-h.p. 6-cylinder engine. (100-h.p. V-8 also available.) Other Ford F-1 models: 8-ft. Panel, 6½-ft. Stake, 6½-ft. Pick-up, and Chassis with welded-steel Cab.

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Using latest registration data on 6,592,000 trucks, life insurance experts prove Ford Trucks last longer!



Photo by L. P. Watrous-Shostal

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THE CLEANER and earlier that cotton comes from the field, the higher its market value. So cotton growers everywhere, alert to new methods, are making profitable use of AENO® Cyanamid, Special Grade, a unique nitrogen fertilizer which, when properly used, will also defoliate cotton.

When AENO Cyanamid is evenly dusted on cotton plants by airplane or ground dusting equipment, it causes the leaves of the plants to drop off within a week or ten days. As a result, the early cotton bolls are exposed to more sunlight and boll-rot losses are reduced; the late bolls open more uniformly and practically all of the crop is harvested in the first picking. Without leaves on the plants the cotton is easier to harvest by hand or machine, and leaf stain and trash are reduced to a minimum. No wonder this Cyanamid development is being hailed as an aid to hand picking or snapping and as the necessary partner of mechanical picking or stripping.

This is a typical example of the way American Cyanamid Company research is helping agriculture and industry to bring better products into your home.

•Trade Mark



AMERICAN Cyanamid COMPANY

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Materials for the Agricultural Industry—one of the many industries served by Cyanamid

ing. It doesn't show on the surface, but rubber-company buyers stationed in Akron spend tens of millions of dollars annually for the appliances, housewares, and hardware items that line the shelves in company-owned and dealer stores. Though the rubber companies won't say how big this wholesaling operation is, town boosters claim the volume of purchase puts Akron right behind New York and Chicago in dollar volume.

I. Tires, Oats, and Plastics

Strictly speaking, Akron isn't a one-industry town. It just looks that way. Five of the world's largest tire companies are headquartered in old-style, multiple-story plants clustered within a 2½-mi. radius of the downtown section. Rubber-proud Akron even has paved one mile of Exchange Street, one of the main thoroughfares, with a rubber-asphalt mixture (BW—Oct. 23 '48, p. 46).

But the towering stacks of the Quaker Oats Co. storage elevators proclaim Akron to be a milling town, too. The company, which had its start in the city, employs 1,000 in its two Akron plants.

In the last few years, plastics, blood brother to rubber, has squeezed into the city. Though Goodyear is the only major company actually turning out plastics in Akron now, two dozen small firms have jumped into the fabricating and molding end of the business.

Makers of machinery and equipment for the rubber industry have been moving into Akron for the past two decades. On their heels have come the plastics-machine manufacturers. Though most of the shops are small, total payrolls run close to 2,000.

• **Rubber Is King**—Still, Akron's reputation—and much of its economy—rests on its being the rubber capital of the world. No other city turns out anything like the estimated 84-million tires that Akron will produce this year. (Los Angeles is Number Two.) Actually, though, Akron's total represents only 20% of the industry's output, compared with the 50% Akron turned out a few decades ago.

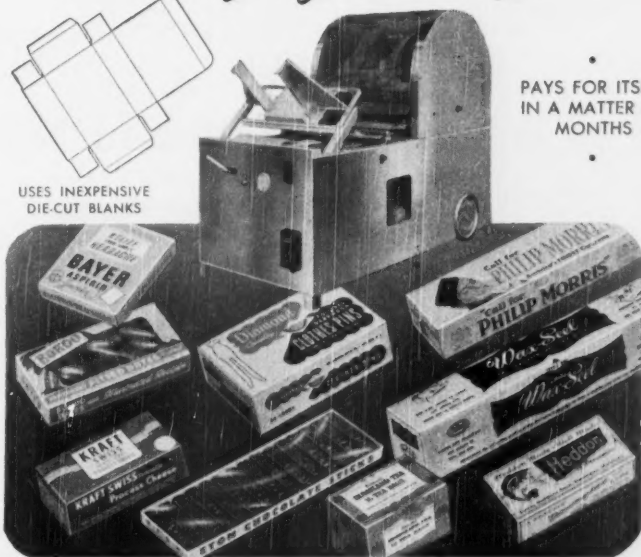
Where tire output has tapered off, however, some of the rubber companies have picked on nonautomotive production. Goodyear, which during the war turned out Navy Corsairs by the thousands in a huge plant on the city's outskirts, keeps the plant going by building a variety of items. Employment is down to 3,000 from 1943's peak of 35,000. But the plant is busy turning out products ranging from frames for kitchen sinks to radar equipment. And the company is working on a number of classified government contracts.

Neither has Akron forgotten the blimps that made it famous. Paul Litchfield, 75-year-old president of

Make your own CARTONS *at amazing Savings!*



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PAYS FOR ITSELF
IN A MATTER OF
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Carton blanks, erected and sealed at high speed by the Palmer *Continuous Motion* Carton Former, make astonishing savings over the cost of buying set-up cartons. . . . Savings on material costs alone often pay for the machine in a matter of months!

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By the makers of
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RUBBER CAPITAL: It looks like a one-industry town, but only on the surface.

Goodyear, is still convinced there is a place in aviation for the blimp. His engineers are now completing—for the U. S. Navy—the largest blimp ever made.

II. The Shop on the Corner

The varied products that flow from rubber's production lines today help spread the work when the tire business has its seasonal slumps. But the thing that really saved the rubber industry—and Akron—was the company store. Twenty years ago, the Big Three—Goodyear, Firestone, and Goodrich—latched onto the company-store idea as the perfect solution to the tire business' distribution problems. In towns where a company's representation was weak, the company-run outlet strengthened its hand. Today there are 1,700 of these stores, all owned by the three companies. And Akron is the purchasing hub for all of them.

Firestone alone has 700 company stores, which handle more than 3,000 separate items apart from rubber products. It has become the world's largest distributor of outboard motors and a large factor in the bicycle trade.

• **Sideline:** Tires—Most of the company stores, and the dealers' shops, resemble small-sized department stores—with tires and tubes literally a sideline. The dealers make up on the other items for the notoriously low-profit tires and tubes. Tire companies say they lost fewer dealers during the war than other manufacturers—because dealers had these sidelines to tide them over until emergency restrictions were lifted.

III. Owners and Workers

Akron's sore spot is the labor situation. Many rubber officials will admit that if labor and management had been

able to get along better in the past 15 years, there wouldn't be as many branch plants as there are now. They don't think decentralization would have been stopped—because the rubber companies always have moved closer to their markets. But they say it wouldn't have been as fast or as extensive.

The key to Akron's labor trouble is the long fight the rubber workers waged to gain recognition from an industry that fired workers because their names appeared on union membership lists. Neither side has forgotten the bitter struggle.

In its battle for recognition, Akron labor played an important part in labor history. The United Rubber Workers started out as an AFL affiliate. But AFL President William Green insisted that he appoint union officials. The union disagreed, broke with the AFL in 1935.

• **Lewis—and Union—Arrive—**In 1936, John L. Lewis came to town. His elegant oratory impressed the workers, and the result was they threw in with the newly formed CIO. A month later, they gathered courage and struck the giant Goodyear plant for the first time. Though that strike was neither long nor bloody, it was a triumph—the first for the CIO, and marked the real birth of the United Rubber Workers.

• **30-Hour Week—**One of the unique features of Akron life is the six-hour day—and the union is responsible for that. Akron's 50,000 rubber workers (40,000 of them dues-paying URW members) put in an average 30-hour week when the rubber industry is booming, as it is now. This is a frank restriction on output, and the union clings to it for that reason. But the union recently gave ground to the extent of permitting new labor-saving machinery in curing operations (BW—May 6 '50, p. 25).

The six-hour day goes back to the '30's, when union and companies agreed

By Tomorrow Morning...

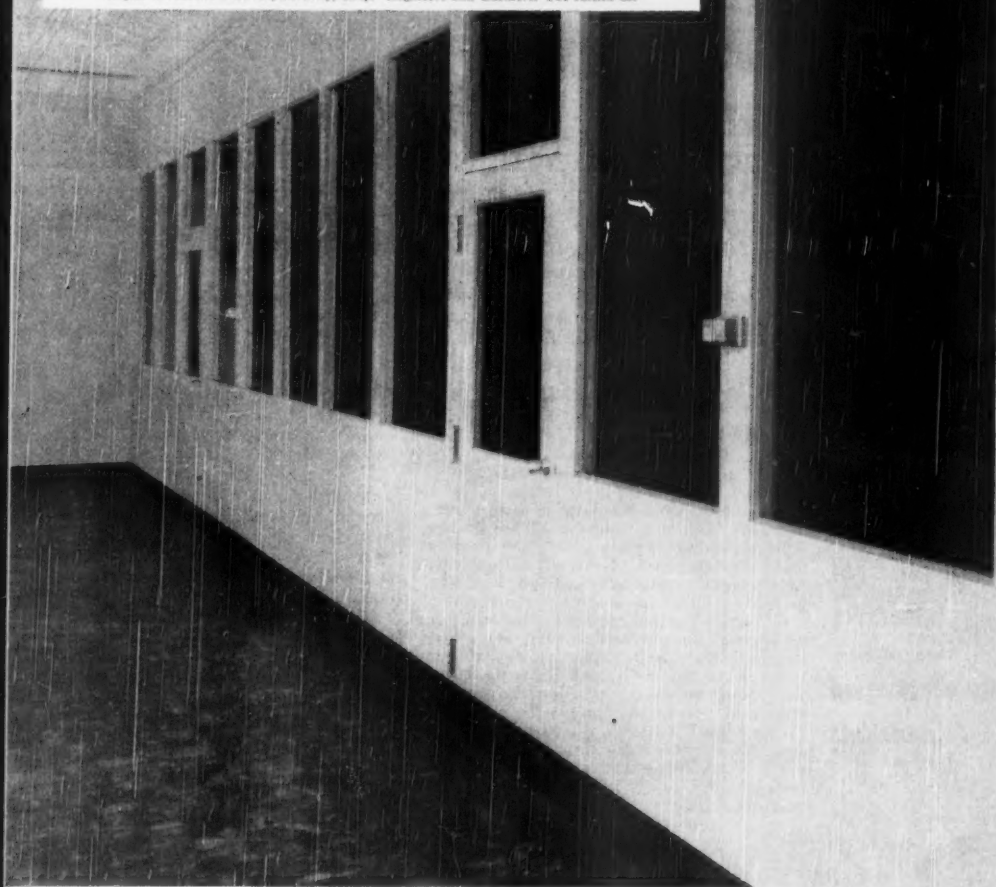
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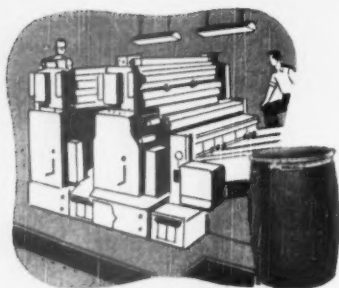


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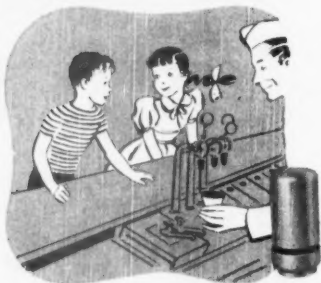
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CONTAINERS FOR GASES, LIQUIDS AND SOLIDS

on it as a spread-the-work step. The union found it to its liking. (Some say, because it gives them 25% more dues-paying members.) Management didn't. (It boosted unit costs, was more costly to supervise.) But it stayed. Many rubber workers will say confidentially that they'd rather work an eight-hour day. But they haven't been able to bring the issue to a vote.

To bolster their pay checks, many workers have been taking on part-time jobs. Now, Akron is filled with part-time farmers, painters, mechanics, printers—and bartenders.

• **The Finer Things**—With so much leisure time on their hands, you might expect Akronites to flock to cultural events. But they don't—partly because there aren't many. To answer critics who accused Akron of being "culturally backward," residents recently raised \$300,000 through public subscription to remodel an old post office building into the Akron Art Institute. They figure it's a start, at least.

Denver Bank Pushes Weather Control

Weather control and rainmaking may or may not be all that their boosters claim for them—and there are a lot of people who will tell you that they're not. Nevertheless, more and more people are getting to be convinced that they work.

Latest convert is the U.S. National Bank of Denver. It's known locally as the "stockmen's bank" of the Rocky Mountain area. When crops and livestock in this area were seriously damaged by this winter's drought, it decided to do something about it.

Last month, it called a luncheon meeting of some of its big rancher and farmer customers, and sold them on the potential value of weather control. As a result, surveys are now being made of five areas in eastern Colorado and adjoining states to determine the feasibility of rainmaking.

The bank first got actively into the subject last fall, when it bought the long-range weather-forecasting service of Dr. Irving Krick's Institute of Aerological Research; it distributes the information to its customers and correspondents. Then it financed a couple of special 45-day forecasts, to help ranchers decide whether to hold on to livestock or to sell. This worked out so satisfactorily that the bank has even decided now to look into the possibilities of actual rainmaking.

Krick's outfit is conducting the surveys, and will do the rainmaking, if it comes to that. The surveys are being financed by the ranchers and farmers themselves, not by the bank.

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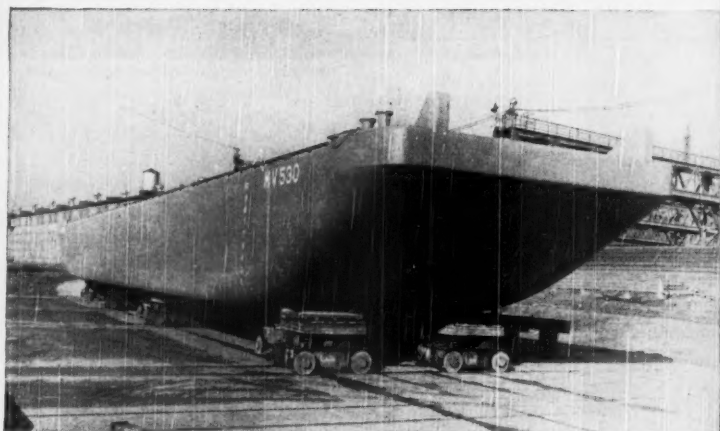
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If you want lifetime fence protection for your property—a fence that never needs wire brushing or painting, use Copperweld® Chain Link Fence. Its strong steel core is permanently protected against rust by a thick covering of copper. The Copperweld Molten-Weld makes the two metals inseparable—assures permanence.

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Copperweld
TRADE MARK **NON-RUSTING**
CHAIN LINK FENCE
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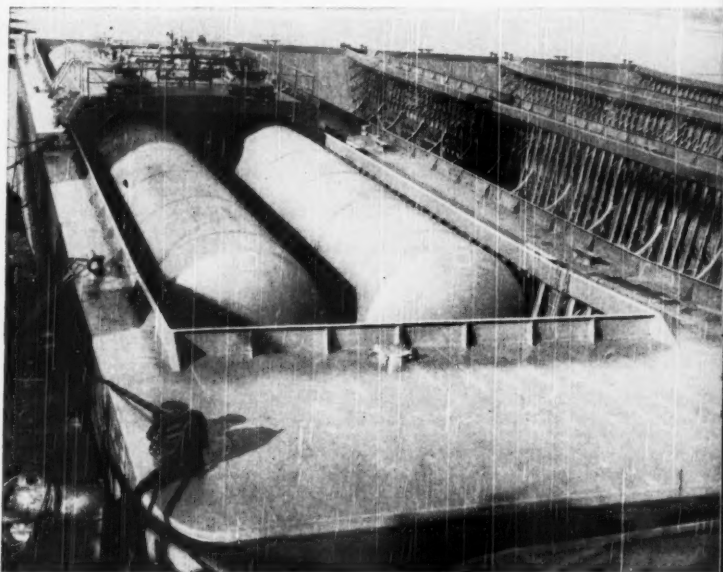
TRANSPORTATION



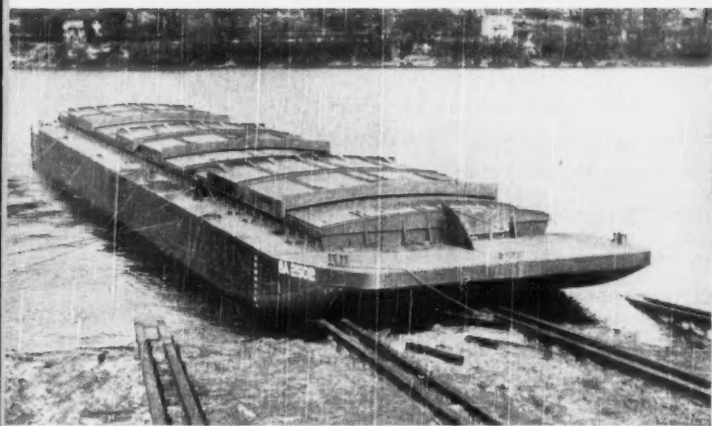
RAKED BOW on coal barge cuts water resistance. Tow using these barges can carry a third more cargo than conventional barges and at higher speeds. American Bridge Co. makes them.

Pittsburgh Inland Shipyards

Barges and towboats for the inland waterways make a ship-building center 300 miles from the seaboard. New, custom designs keep orders high. Prospects are bright for the three main builders.



TANK BARGE, designed especially for Dow Chemical Co. by Dravo Corp., carries extra-large liquid-chemical tanks; they hold a total of 233,600 gal. of chemicals.

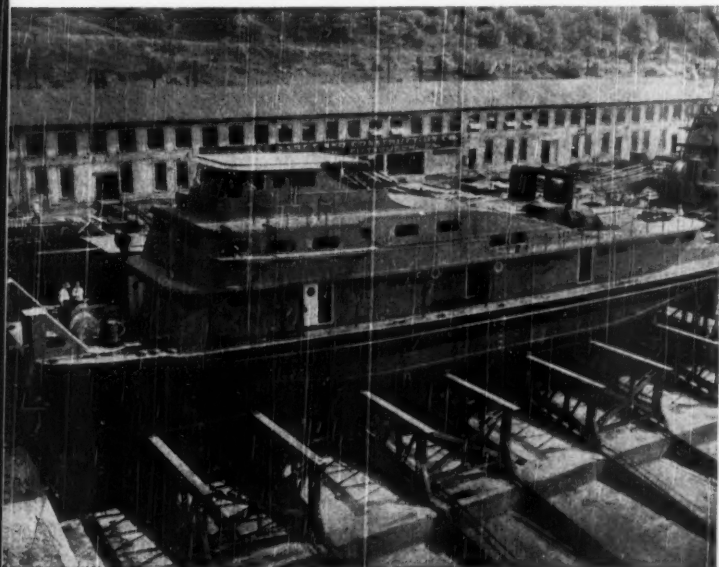


GRAIN BARGE made by Dravo Corp. can tote 42,000 bu. Or it can carry 2,500 short tons of dry cargo. It is used on the Mississippi and Ohio rivers and on the Illinois Canal.

Do Booming Barge Business

Pittsburgh, famous as a steelmaking center, is also one of the biggest ship-building sites on the inland waterways system. In the last two and a half years, 156 barges and eight towboats (its specialties) have come out of its shipyards, 300 miles from salt water.

And the prospect for Pittsburgh's barge builders is bright. Demand is still running ahead of output. Three of the most active builders that have been in on this business are Dravo Corp., American Bridge Co., and Hillman Barge & Construction Co.



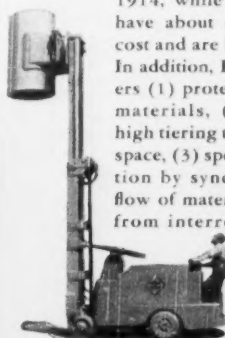
NEW TOWBOAT doesn't pull barges the way the old side-wheelers did; it pushes them. And it's diesel-powered, developing 1,500 to 2,500 hp. Hillman Barge is building this one.



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ELWELL-PARKERS
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than ever before!**

An Elwell-Parker industrial power truck outperforms a whole gang of manual laborers, and averages 20 to 30 years of service. Even if labor rates were stable, the truck would pay for itself many times. But common labor has increased 500% since

1914, while E-P trucks have about doubled in cost and are better built. In addition, Elwell-Parkers (1) protect men and materials, (2) permit high tiering to save floor space, (3) speed production by synchronizing flow of materials to and from interrelated machinery.



E-P truck lifting 3500-lb. roll 17 1/2' for storage.

FREE BOOKLET

on Scientific Materials Handling. Ask for "Industrial Logistics". Write The Elwell-Parker Electric Company, 4006 St. Clair Avenue, Cleveland 3, Ohio.

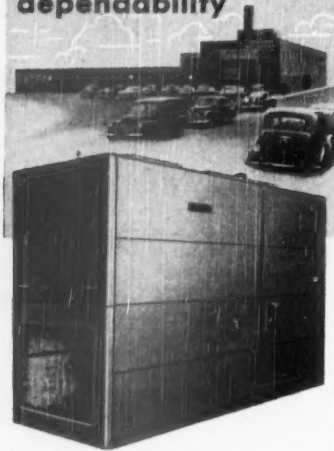
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AIR CONDITIONING
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prove year-'round
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enjoy complete year 'round comfort despite a very trying climate, thanks to a BAKER CENTRAL-AIR. This central-station air conditioner cleans, cools, dehumidifies and circulates the air in summer, and delivers warm air during the winter months.

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can help you. Let us put you in touch with the one nearest you, and tell you why BAKER equipment is so often the choice of experts whenever dependability is essential.

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Air Conditioning and Refrigeration

TAXES

Withholding Made Easy

New social security bill aims to simplify bookkeeping by combining social security and income tax into single withheld deduction. Employers will have to overhaul tax accounting setup.

You will probably have to overhaul your tax accounting and payroll procedures next year. There's more than pensions in the social security bill. As it's shaping up in Congress, it deals almost as much with tax revision.

Most of the revisions will result from the changes in coverage Congress has been voting. But some will stem merely from Congress' effort to make life simpler for businessmen who are now swamped with forms and deadlines.

• **Different Effects**—The new provisions won't affect everyone in the same way.

Employers will find their reporting problems easier.

Lower-bracket employers won't have to make any adjustment at all. But workers earning more than \$3,000 a year may find the total amounts withheld from their incomes increased substantially. Most of them will be able to credit this extra amount against the income tax they owe in the current year. But some will find themselves lending the government a few dollars for a few months.

For the self-employed, the bill promises a whole new world of complications.

House and Senate are still pretty far apart on a few provisions. But you can be sure that both chambers will O.K. the tax changes worked out by Senate Finance Committee bill-drafters. The new provisions would go into effect Jan. 1.

Here's what the new law will mean.

I. Employers & Employees

The biggest change affecting employers will be the combining of social security and income taxes into a single, withheld deduction (BW-Apr. 8 '50, p40).

As the law now stands, an employer makes two separate deductions from his workers' paychecks. One is the income tax that has to be withheld; this is based on the full salary or wage. The Bureau of Internal Revenue supplies tables to compute this amount. The other is the social security tax on wages up to \$3,000—according to another table.

• **One Lump**—The pending bill authorizes BIR to draw up an official table that will combine both deductions and

show at a glance what the Treasury's total cut must be.

Under the present law, employers have to keep a constant eye on a worker's total earnings. Income over \$3,000 isn't subject to social security taxes. So when a worker's earnings in a given year pass the \$3,000 mark, the payroll department has to stop deducting for pensions on anything else he earns that year.

• **No Cutoff**—The Senate bill would make such a changeover unnecessary. The employer would ignore the \$3,000 cutoff figure, continue to deduct the same monthly total as before. When the time came to report deductions to the bureau, the company would treat the excess social security tax collected as additional income tax withheld.

Here's how the scheme might work. Take an employee who earns \$3,600 during 1951 and who has several hundred dollars deducted for both social security and income taxes.

Since only \$3,000 of his wages would be subject to social security levies, his liability (at a rate of 1.5%) is \$45. But because there is no cutoff for withholding, the employer would really hold back \$54; the extra \$9 is later credited to the income tax he owes. If regular income tax deductions turn out to be enough to meet his obligations, he can get the \$9 back in a refund check.

(The bill that finally becomes law may make the social security cutoff figure \$3,600—not \$3,000; no matter what the figure is, the principle is the same, as far as withholding goes.)

II. Self-Employed

The self-employed, who will be brought under social security for the first time, get special tax attention under the new bill—largely because they have no employer who can do the withholding.

The best scheme, in the Senate committee's view, is to treat social security as if it were another income tax. So the pending bill authorizes individuals to apply the special, higher self-employed social security tax rate of 2.25% to income.

• **Headaches**—The computations aren't quite that simple, though. The bill-

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It's a
5 STAR
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| 1. Flex-rubber bushings absorb shock, prevent leakage | 7. Plates securely burned to post straps |
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| 6. Large space for acid above plates | 12. High foot rests for plates |



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drafters define the term "income" to mean earnings, to make it comparable to the wages of employees. Thus in figuring his social security liability, a self-employed person can deduct interest, royalty, rental, and dividend income from his income base. But since these items are part of his income for regular tax purposes, he must, in effect, make out two separate tax returns.

Kitties Ride Free

Tax Court rules that advertising kitty paid up by company's distributors is a sort of expense account—not taxable income.

The Bureau of Internal Revenue has just been slapped down. It tried to tax the advertising kitty collected by a manufacturer from his local distributors.

The slapping came from the U.S. Tax Court. The court told BIR to keep hands off money turned over to Seven Up Bottling Co. by its bottlers. In the court's view, the cash was a kind of expense account—not income subject to tax.

• **Repercussion**—If the bureau had won its case, it might have struck out at the advertising practices of several industries. Auto and appliance manufacturers have had similar setups with their dealers in the past.

As it has turned out, though, the decision serves to sanction a financing method that is particularly suited to industries marketing through exclusive dealerships. That method is the apportionment of advertising costs between manufacturer and distributor.

• **What Happened**—Seven Up makes a highly concentrated soft drink extract which it sells to more than 400 franchised bottlers. The manufacturer's price of the extract is somewhat lower than those of competing beverages retailing at the same price. And because its price was lower, the company used to leave advertising largely up to its distributors.

Back in 1943, some of the bottlers decided that a national advertising campaign, supplementing their local expenditures, would pay off in much bigger sales. But no single bottler or group was big enough to do the job. So they asked the company to help out.

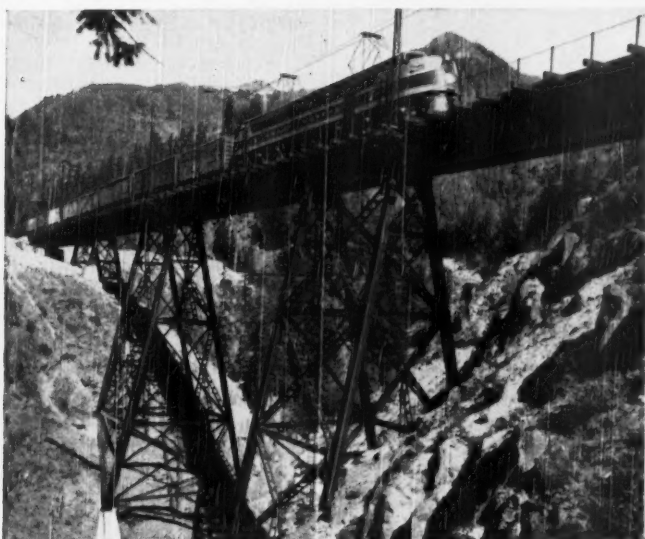
Seven Up wasn't interested in going into the campaign itself, but it agreed to act as agent for its bottlers. Contracts were signed with a leading advertising agency, and the bottlers agreed to pay an assessment of 2½¢ a case to pay for the campaign.

This per-case contribution came to about \$17.50 for each gallon of extract. To simplify accounting and the han-

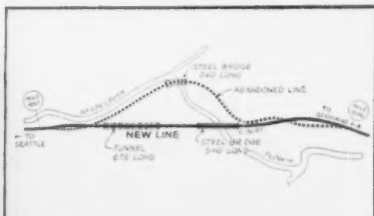
Progress is a GREAT NORTHERN Habit...

One Mile, One Tunnel, One Bridge \$1 Million for Better Freight Service!

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ONE BRIDGE—Electric-powered freight crosses new bridge over Nason Creek Canyon.



ONE MILE—The map shows vanishing curves on the new million-dollar mile, an example of Great Northern's never-ending program of line improvement work.



ONE TUNNEL—East portal of the new 675-foot tunnel, bored through solid rock. The old road bed wound around mountain to right.

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Constant improvement of track, equipment and motive power are cardinal elements of Great Northern's continuing program of progress because progress is a Great Northern habit!



TUNNEL AND BRIDGE—A Great Northern train takes the new straight line, out of tunnel, onto bridge. Note old line with 10 degree curve in foreground.



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dling of payments, the sum was tacked onto the regular per-gallon invoice price.

• **Surplus**—The setup worked pretty well. In 1943 and 1944, the company collected more than \$1.8-million in advertising assessments. Its expenditures for space and art came to only \$831,000. Spending lagged largely because of paper shortages.

Meanwhile, the company kept the surplus cash in a separate account and, for tax purposes, ignored the advertising payments—in and out.

BIR, though, decided that both receipts and expenditures belonged on the profit-and-loss statements. In its view, the cash taken in was part of gross income; out-payments were deductible expenses, and the difference was taxable profit. So the bureau sent along a bill for more money.

• **Trustees, Only**—When Seven Up challenged BIR's logic, the case went to the Tax Court.

The company insisted the advertising payments it received were not for services rendered—and, thus couldn't be considered income. As far as Seven Up was concerned, it was merely an agent—or better still, a trustee.

In finding for the company, the court brought the trusteeship argument. Seven Up, the opinion read, "did not receive the bottlers' contributions as its own property [so] no gain or profit was realized in receipt." (Seven Up Bottling Co. vs. Com. 14 T.C. No. 115.)

TAX BRIEFS

Tax-free oleo will be on sale July 1. BIR is permitting oleo makers to ship tax-free to retailers in advance of the official repeal date.

Tax refunds of \$1.5-billion have been paid by the Treasury to more than 27-million taxpayers for overpayments on 1949 income.

Mineral producers may get some tax relief next year as a result of a study now being run by Treasury and Interior Depts. The government wants to see if present tax structure is "inhibiting" the flow of capital into the mining industry.

Accelerated depreciation of merchant ships—from 20 years down to 10—has been O.K.'d by a Senate maritime subcommittee. But the bill won't pass this year.

Automobile clubs and certain other non-profit organizations have to pay income taxes on service receipts in excess of expenses, a U.S. circuit court held.

Home, Sweet Tax

Greenfield (Wis.) firms ask to be annexed to West Milwaukee: Taxes are lower. But Milwaukee wants them, too.

Big industrial plants like to be out of the thick of things in a busy city or town. They want to be on the fringes for a very good reason: Municipal tax rates are lower.

But nowadays the residential boom has shoved some concerns that were once in a low-tax area up into much more expensive territory. And the tax advantage has gone down the drain.

A handful of companies in Greenfield, near Milwaukee, have got into this fix. Their solution: Get annexed to another town. But this effort has landed them in the thick of a fight—several communities want to claim them (and their taxes).

• **Rivals**—Greenfield has shot up like a jack-in-the-box; so have its taxes. The state upped its assessed valuation from \$27-million to \$75-million last year. So eight companies there petitioned to be annexed to the adjoining Village of West Milwaukee. Last week, the village passed an annexation ordinance to absorb the land on which the companies stand.

But the City of Milwaukee had its eye on this revenue pot, too. It also passed an annexation ordinance. West Milwaukee has taken the case to court.

The Milwaukee ordinance covered territory that includes Froedtert Grain & Malting Co. and Globe Steel Tubes Co. The West Milwaukee ordinance covered these two firms and six others: Kurth Malting Co., Daniel D. Weschler & Sons, Inc., Charles A. Krause Milling Co., Silver Steel Casting Co., Inland Steel Co., and Cream City Boiler Co. These eight, with assessed valuation of \$16-million, have brought in an annual tax return to Greenfield of over \$218,000 a year.

Four other Greenfield industries have climbed on the West Milwaukee bandwagon, in a separate and later petition. They are Hotpoint, Inc., General Electric X-Ray Corp., Pressed Steel Tank Co., and Dings Magnetic Separator Co.

• **The Figures Tell**—Leaders of the eight primary companies concerned picked West Milwaukee as their best bet on the basis of a study of the tax prospects in West Milwaukee, West Allis, and Greenfield. Here are their findings (in tax per \$1,000):

	1947	1948	1949
Greenfield.....	\$49.62	\$51.50	\$49.62
W. Allis.....	38.19	39.69	41.15
W. Milwaukee.....	22.51	22.04	22.81

Milwaukee taxes have averaged \$43 per \$1,000 through this period.

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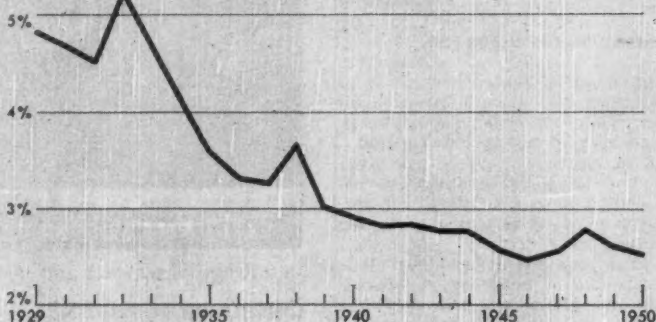
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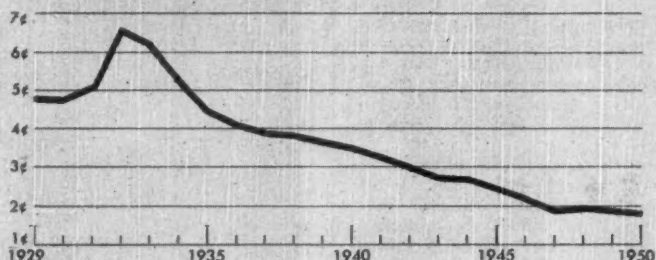
RESOURCES EXCEED \$2 BILLION

FINANCE

1 Yields on high-grade bonds sink



3 So that investor's dollars, that once earned him nearly 5¢ a year in real income, now earn less than 2¢



Data: Standard & Poor's Corp.

© BUSINESS WEEK

Prudent Men With a Bankroll

New York trustees will be able to invest 35% of their funds in common stocks after July 1. They'll start out cautiously, buy only blue chips. But over the long pull, their buying will count.

Starting next month, there will be a new kind of buyer in the stock market. On July 1, New York's new law on the investment of trust funds takes effect. Under it, trustees will be able to put 35% of the money in their care into common stocks (BW-Apr. 1 '50, p82).

This will be the first time that New York trustees have been able to go outside the "legal list"—which to all intents and purposes means bonds, and high-grade bonds at that. Theoretically, trust-account buying could build a fire under the stock market this summer. Many customers' men go dreamy-eyed thinking of those well-heeled trustees scuffling for high-grade commons.

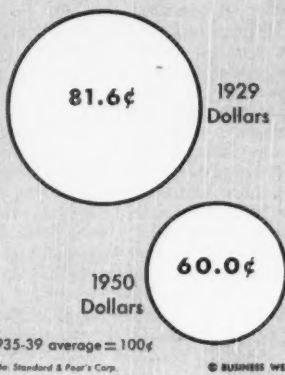
• **Slow Start**—But the chances are that the stock market will never notice the

trust-account buying that comes in this summer. The big trustees are looking stock prices over with a fishy eye. In general, they are glad to get out of the old legal strait jacket. But the trustees don't intend to celebrate by any buying spree.

Trust departments of Manhattan's big banks say they aren't going to do much stock buying immediately. Some day, maybe. But right now, the prices of high-grade commons already look pretty stiff. And under New York's modified version of the "prudent man" rule for trust investment, high-grades are the only kind of stock a trustee can buy.

• **There'll Come a Time**—As time goes on, however, trust buying may begin to

2 And each dollar of bond interest buys less



amount to something. And eventually, it may put a solid prop under the demand for top-notch commons. Trustees may be suspicious of stocks; but the experience of the past 20 years hasn't made them love bonds, either.

Once a trustee thought he was doing his duty if he salted the trust money down in assets that wouldn't depreciate in capital value. But the usual purpose of a trust is to provide an income for somebody. And since the middle of the 1930's, any trust that was set up with preservation of capital as the main object has been losing ground steadily on income.

• **Double Squeeze**—On one side, the easy money policies of the federal government have cut the yield on high-grade investments. And on the other, the rise in taxes and living costs has whittled away the real purchasing power of any given income.

The charts (above) give you the idea. Since 1929, Standard & Poor's high-grade bond yield average has dropped from 4.86% to a measly 2.45%. And meanwhile, the purchasing power of the dollar has been going down. As a result, the widow who was drawing 5¢ on the dollar from her trust fund in 1929 is getting a bare 2¢ today in terms of what she can buy.

• **Conservation of What?**—All this has bred a new philosophy of trusteeship. The modern trustee says that "conservation" is still his main responsibility. But as he sees it, his job is to conserve not only capital but the income and the purchasing power of the income.

You can't protect income if you have to stick to the bonds on the legal list. The only way to offset the effects of de-



Just another horse?

Before a race the crowd identified him by number. Horses look pretty much alike. But everybody knew him at the finish line, because only once in his life did he fail to cross it first. *This horse was Man o' War.*

Presses look pretty much alike, too—in pictures. But in the shop, under production conditions, you can spot a Clearing press by the work it turns out and the steady way it keeps at it with minimum interruption for attention to either dies or press. That's why you'll find so many Clearings in plants where real costs are recognized and controlled.

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THE WALL STREET JOURNAL

BIZ-QUIZ

The Place: Atlantic City, N. J., at The Edison Electric Institute's Eighteenth Annual Convention.

The U.S. business-managed power industry produces nearly half the world's electricity, and anticipates a continuing increase in demand. Leaders in this \$20 billion industry had this to say about the outlook for the future:

QUESTION: How many different industries supply equipment to the power companies?

L. V. Sutton, President, Carolina Power & Light Company, and incoming President, The Edison Electric Institute: "Practically every major industry in the United States supplies the electric power companies with some essential equipment or article. Steel, copper, aluminum, lumber, machinery, motor vehicles, hardware, and office equipment are some of the products purchased in large quantities by the power companies. In addition, our industry uses over a quarter of a billion dollars worth of fuel each year in generating electricity. A power company purchasing list covers a multitude of items ranging from giant generators to rolls of cellophane tape."

Question: What do you like best about *The Wall Street Journal*?

Answer: "I find it the best medium for keeping me informed on a broad range of business news in a minimum of time. I find its many features of interest. There is no paper I read as regularly and thoroughly and obtain as much business information from as *The Wall Street Journal*."

QUESTION: By how much do you expect the national electric power output to increase over the next few decades?

Elmer L. Lindseth, President, The Cleveland Electric Illuminating Company, and retiring President, The Edison Electric Institute: "According to reliable estimates, annual sales by the electric utility industry will reach 850 billion kilowatt hours



by 1969. This figure is more than three times 1949 sales. These greater sales will result from increasing modernization of industrial plants, mechanization of almost every type of farm operation, and continuing advances toward all-electric living in the home."

Question: How do you find *The Wall Street Journal* helps you in your business?

Answer: "Our business reflects the economic condition of all types of our customers—industrial, commercial and residential. Therefore, the broad news and statistical coverage provided by *The Wall Street Journal* helps me by keeping me on top of trends in all fields of American business and industry."

QUESTION: How much money is the business-managed power industry spending on expansion?

J. W. Parker, President, The Detroit Edison Company: "We expect the power industry's investment in plant and property to reach \$65 billion by 1969, as compared with \$19 billion today. The industry's present expansion program, costing \$9 billion, set a record in 1949, when installation of new generating capacity was 50 percent above the previous high set in 1948. We are confident that through this and future expansion programs the investor-owned power industry will be able to meet all of America's future requirements for electric power."

Question: What is your favorite *Journal* feature?

Answer: "I am particularly interested in *The Journal's* editorial comment on current events in the business world. The industrial news coverage is excellent also."

QUESTION:

What does *The Wall Street Journal* offer advertisers?

Answer: The opportunity to talk to a concentrated audience of executive influence—261,580 daily proved readers, most of whom are in the business echelons where buying decisions are made. If you advertise to business, *The Wall Street Journal* should head your list.



clining interest rates and rising living costs is to balance out your portfolio with an assortment of good commons.

This is one reason why an increasing number of states have been getting away from the old legal-list idea. Another—and equally important—reason is that the legal lists weren't worth a hoot as protection during the depression. Between 1928 and 1940, over \$800-million par value of bonds on the New York legal list went into default.

• **The Prudent Man**—Altogether, 23 states including New York have now switched over to some version of the prudent-man rule. Under this principle, the trustee can fan out into investments that any cautious intelligent investor would consider safe. New York's law limits these holdings outside the legal list to 35% of the total trust fund; and it specifies that they must consist of securities listed on a national exchange. (Bank and insurance stocks, usually unlisted, are also eligible.)

Trustees who take advantage of the new law will be looking for two things: (1) top quality; (2) good income. They will want to buy at a price that looks low enough to protect them against serious losses when the market turns down. And they will want a return big enough to set up some sort of reserve to offset price fluctuations.

Top quality and good income bring a stiff price these days. And that's why trust fund buying isn't going to come into the market with a rush.

• **No Rush**—You can bet your hat that New York's big trustees are not going to use their new powers to twist the stock market's tail. The ordinary trustee is the kind of man who looks in both directions even when he is crossing a one-way street. Trust fund money will be slow finding its way into the market and cautious once it gets there.

At the same time, you can expect trust funds to play an increasingly important part in the demand for stocks as time goes on. There's enough inflation talk in the air to make trustees worry about the safety of their fixed-income investments. And there is still a big enough spread between stock yields and bond yields to make commons look good.

In one respect at least, the trustee will be a big help to the bulls. He will be buying for the long pull. Any stock he takes off the market will be gone practically for keeps. It won't come out again the first time prices take a dip.

• **Blue Chips Only**—If you want to spot the first signs of buying for trust accounts, keep your eye on buyers of the blue chips—the best companies and the best industries. At the moment, *Wall Street* is talking up such issues as public utilities, business machines, food manufacturers, ethical drugs, food chains, banks, insurance (particularly fire and

casualty), rayon, and chemical companies.

Steel issues are conspicuously absent from the favorite list. They are too much feast-and-famine. And even the top television issues leave the trustees cold. A promising field but no benchmarks, they say.

Lease-Purchase Gets Go-Light in California

California's long-term lease-purchase scheme for state office buildings (BW—Sep. 24 '49, p. 91) has cleared its final hurdle. The state Supreme Court approved Finance Director James S. Dean's plan to lease state ground to investors who will erect an office building and lease it back to the state.

• **Test Case**—The test case involved a \$350,000 building for the state highway patrol in Los Angeles to be built to Dean's specifications by the Pacific Southwestern Co.

With the issue settled, Dean has just turned the state architect loose on plans for a \$5- to \$6-million building in Sacramento to house the Dept. of Employment. A \$3-million annex to the Dept. of Agriculture building and a \$700,000 home for the highway patrol in Sacramento will follow shortly.

• **And Later**—That's all the legislature has approved so far. Later, Dean will ask the lawmakers for permission to go ahead with office buildings in every major California city, all under the lease-purchase plan.

Awards are made on competitive bids submitted in a package by a combination of financing and construction firms. The contract goes to the combination offering the best rental terms. A switch from the conventional sale and lease-back deal is that at the end of the lease the state owns the building.

PAPER RIDES HIGH

Paper companies are still going full blast, in spite of Wall Street fears (BW—Apr. 15 '50, p. 104).

Standard & Poor's index of paper stocks reached a new 1950 high last week. Demand for paper is still very heavy. And there are signs that trade prices are moving up.

The tip-off came this week when Scandinavian and Canadian pulp producers raised prices. Several U. S. pulp producers followed along with price hikes for third-quarter delivery.

That's a pretty sure sign that increases in prices of finished paper products are near. Already, one producer of magazine paper has raised prices. The trade expects that price rises in tissue paper, one of the paper products most in demand, will be along next.

Insurance Ban

States have right to stop unauthorized companies from selling insurance by mail, the Supreme Court rules.

Can a state hold up a stop sign to unauthorized companies that sell insurance by mail within its borders?

The Supreme Court has just said yes. It ruled that the Virginia Corporation Commission—which regulates insurance in that state—could stop a company from selling mail-order insurance if it isn't licensed in the state.

The ruling was broad enough to cover not only insurance but corporate securities. The Virginia agency acted against the unlicensed insurance company under its blue-sky laws, which class insurance policies as securities.

• **New Answer**—The question of just how far the states could go has been kicking around the courts for some time. In previous cases, the courts have held that so long as the unauthorized companies were not using agents within the state, they were not "doing business" there.

This time, the ruling was different.

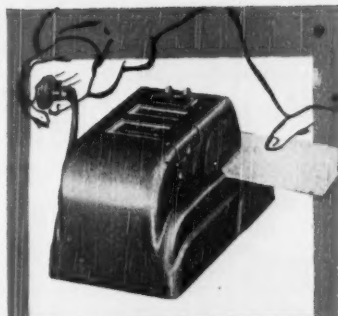
• **The Case**—The case involved the Travelers' Health Assn., a membership insurance group incorporated in Nebraska. Travelers has no paid agents; it does business entirely by mail solicitation.

The association has about 800 members in Virginia. But it always considered itself exempt from state regulation, so it never bothered to comply with the state's insurance laws.

• **Earlier Steps**—To force compliance, the state Corporation Commission issued a cease-and-desist order, harring further solicitation or sale of insurance, until the requirements of the state law were met.

Travelers appealed the order to various Virginia courts. Finally it took the case to Washington. The association didn't deny the state's jurisdiction over outsiders who come in and do business. But it argued that all its own activities took place in Nebraska and that the Virginia commission could not "destroy or impair" the right of Nebraskans to make contracts with Virginians.

• **Last Word**—The Supreme Court rejected these arguments. In upholding the Virginia commission, it ruled that "certificates . . . delivered in Virginia . . . create continuing obligations between the association and each of its certificate holder"; also "the Virginia courts were available to [the association] in seeking to enforce obligations created by . . . the certificates."



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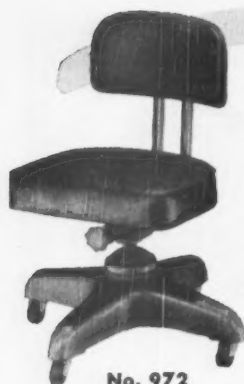
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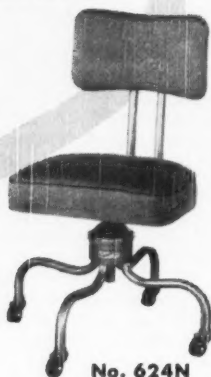
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Aviation Reverse

Transatlantic flights, once booked solid, are wide open now. Reasons: more flights; unsold Holy Year reservations.

If you decided three months ago that you wanted to fly to Europe in June or July, you probably found it almost impossible to get reservations. Most of the transatlantic airlines were booked solid for those two months (BW-Mar.11'50,p31).

Today, if you still want to go to Europe, you can get a seat on almost any airline.

• **The Turnaround**—There are two reasons for the turnaround. For one thing, five of the 10 overseas airlines got tired of turning down would-be passengers because they didn't have space to carry them. So they added extra flights. As a result, there are 134 scheduled flights a week from the U.S. and Canada to Europe; back in March, only 114 a week were scheduled for June and July.

The second reason is that Holy Year has proved pretty much of a flop, so far as the airlines are concerned. When Holy Year was announced, a lot of tour operators—both the big national ones and small local ones—reserved whole blocks of seats on the airlines. But the tours didn't sell too well. When the time came for tour operators to pay for their reservations, they turned large numbers of them back to the airlines unsold. The same thing happened to the steamship lines, though not to such an extent.

• **Supply Has Caught Up**—As a result, about 80% of the transatlantic airlines' available seats are occupied on east-bound flights. The westbound load factor is lower, but this is the season for flying to Europe, not from it. In other words, the supply of seats at present prices has caught up with and passed the demand.

• **Price Remedy**—Would a low price bring out enough demand to make operations more profitable? That's a subject of hot debate among the airlines. Pan American insists that it would. Most of the other lines insist just as strongly that it wouldn't. And they seem to have carried the day, at least for the present: Next fall, transatlantic fares will be boosted by 7%.

But one straw in the wind indicates that Pan Am might be right after all. June 1, the round trip air fare from New York to Bermuda was dropped from \$126, plus tax, to \$85. Before the change, few planes on the run were filled to capacity. Since the change, the airlines have been unable to keep up with the demand.

1/5TH OF ALL PRIVATE CAPITAL INVESTED IN CONSTRUCTION CONTRACTS IN THE U.S. IN 1949

went into the

Gulf South *

For new industrial, commercial and other buildings in the Gulf South, private capital awarded construction contracts in 1949 worth \$813,363,000. This is 300 millions more than went to all the seven states in the far west. It's over five times as much as was invested in Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut combined!

Furthermore, there's a backlog of private construction planned for the Gulf South of more than three billions of dollars—one-fifth of all proposed private construction expenditures in the entire United States.

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* Private engineering construction contracts awarded in 1949 in Texas, Louisiana, Mississippi and the Mobile, Ala., and Pensacola, Florida areas, as reported by *ENGINEERING NEWS-RECORD*, a McGraw-Hill publication.

One of the many new chemical plants in the Gulf South



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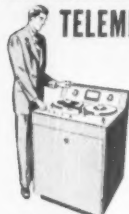
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Dallas Title Changes Hands

First National Bank, which raided Republic National for its new president, beats out Republic with biggest assets in Southwest.

In Dallas, banking competition is fast and furious. It includes competition for crack bankers.

Four months ago, Dallas' First National Bank hired a new president—from a vice-presidency next door at Republic National Bank (BW—Feb. 25 '50, p. 100). First has been trying to nudge Republic out of its spot as No. 1 bank in the Southwest. So when it hired Benjamin H. Wooten, First said: Do anything to beat Republic National.

• **He Did the Job**—Wooten did the job in short order. At the end of 1949, Republic had been ahead of First with deposits of \$340-million, assets of \$378-million. By Apr. 24, First was ahead with deposits of \$314-million, assets of \$340-million. Republic's deposits had dropped to \$293-million, total resources to \$330-million.

• **Stock Sale**—Wooten intends to keep First out in front. This week, stockholders approved his plan to enlarge the bank's capital structure by selling \$6-million worth of new stock. When Wooten took over at First, capital stock was \$74-million, surplus \$74-million. He boosted surplus to \$10-million by transferring \$24-million from undivided profits. That improved First's ratio of capital to loans.

But First's stock sale still won't put it ahead of Republic in capital structure. Last growing Republic has sold stock six times since 1941, now has capital stock of \$134-million, surplus of \$14-million. After the stock issue is sold, First will have capital stock of \$12-million and will increase surplus to \$12-million. Capital funds, including reserves, will total around \$30-million to Republic's \$34-million.

The new shares will be offered at \$40, with stockholders given the right to buy one new share for every four shares they now own. Sale of the issue is assured. A syndicate of Dallas and New York investment houses, headed by Merrill Lynch, Pierce, Fenner & Beane, will underwrite a public offering of any stock not subscribed for by stockholders.

The \$40 price wouldn't have been possible a few months ago. When Wooten took over, the bid price for First National shares was about \$39.75. This week, they sold at \$43.50, ex dividend. Par value, now \$12.50, will be upped to \$16.00 after capital funds are realigned.

• **More Wooten Measures**—Wooten has built a fire under First's conservative staff. He has added four new vice-

presidents, three new directors. He believes the Southwest shouldn't have to look to eastern banks for financing, and that the new stock issue will help reach that goal.

• **Not to Be Left Behind**—Meanwhile, Republic, on the other side of the battle, is trumpeting its plans to build the tallest, largest bank-office-garage building in the Southwest. A few weeks ago, it bought a 45,000-sq.-ft. downtown site for \$2-million. Republic's president, Fred Florence, has hired Harrison & Abramovitz, architects for Rockefeller Center and the new Mellon National Bank & Trust Co. in Pittsburgh.

N. Y. Runs into Snags Insuring New Tunnel

When New York City's Brooklyn-Battery Tunnel opened three weeks ago, it had only 75% of the insurance it was supposed to have. The Triborough Bridge and Tunnel Authority has had trouble getting coverage.

This week, the Authority had the

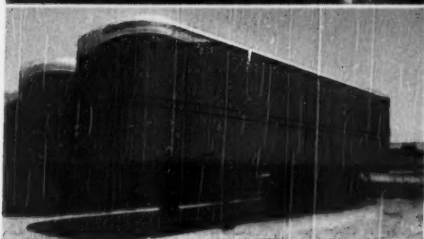


Rail Veteran Heads L&N

John E. Tilford (61) is the newly elected president of the Louisville & Nashville R.R. He takes over July 1 from James B. Hill (71), president of the road for the last 16 years. With L&N since 1920, Tilford has been a vice-president since 1945, executive vice-president since 1947.

J&L OTISCOLOY High-Strength Steel INCREASES PAYLOAD . . . SERVICE LIFE of **FRUEHAUF** Truck Trailers

J&L STEEL



Trailer frame nearing completion at Avon, Ohio. Fruehauf gets added strength and rigidity . . . less dead-weight with J&L OtiscoLOY.

J&L OTISCOLOY High-Strength Steel Helps FRUEHAUF Save 800 lbs. Deadweight in Trailer Chassis and Body Frames

Fruehauf Corporation of Detroit, Michigan, world's largest builders of truck trailers, uses J&L OtiscoLOY and other high-strength steels for rub rails, square tubing, cross members, floor channels and strips in its tandem axle trailers.

The reasons—

- In all applications J&L OtiscoLOY can be used one or two gauges lighter than mild steel with no loss in strength—enabling Fruehauf to save 800 lbs. dead-weight per unit.
- Also OtiscoLOY saves steel—one ton goes further than mild steel.
- OtiscoLOY has 4 to 6 times greater

rust resistance than mild steel.

- OtiscoLOY resists fatigue longer than mild steel.

- OtiscoLOY rub rails and floor strips withstand severe loading and unloading abrasion better than mild steel.

The result—Fruehauf customers get trailers that last longer . . . carry less deadweight . . . haul bigger payloads.

J&L OtiscoLOY meets today's demands for a high-strength, corrosion- and fatigue-resistant steel that is readily weldable and easily fabricated.

J&L OtiscoLOY retains its strength throughout welding and fabricating operations without further heat-treating.

It can be welded or flame cut, formed hot or cold, and worked by any standard metal-working process.

Steel users have found J&L OtiscoLOY the ideal steel in such applications as: Ships, Barges, Railroad cars, Trucks, Street cars, Motor buses, Mine cars, Shovel buckets, Concrete mixers, and Earth moving Equipment.

If your steel requirements include high strength with minimum weight, resistance to corrosion, abrasion and fatigue—plus workability—it will pay you to send for the booklet about J&L OtiscoLOY, the modern transportation steel.

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Please send me your free booklet entitled: "The Transportation Steel."

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Consequently, *Business Week* carries more industrial development advertising than any other general business or news magazine. Whether you're selling a product, a service or a plant site, *Business Week* gives you selected prospects at lowest cost.

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Southern Railway Co.
United Gas Pipe Line Co.

*Source: Publishers' Information Bureau Analysis

A MCGRAW-HILL PUBLICATION

rest of the insurance lined up. But it had to go to the big London insurance market to get it.

The indenture for the tunnel bond issue requires the Authority to carry \$334-million worth of inland marine insurance on the \$80-million tube. This coverage protects the tunnel from all but war damage. Premiums on the whole risk will run around \$40,000 a year.

U.S. insurance companies were leery of insuring a tunnel. Last year, a truck blew up in the Holland Tunnel—and that cost the insurance companies \$300,000.

Eventually, most of the U.S. marine insurance companies came in on the Brooklyn-Battery risk. But some companies took as little as 1/48 of 1%.

FINANCE BRIEFS

Municipal bond financing hit a new high of nearly \$1.7-billion for the first five months of the year, the Daily Bond Buyer reports.

U.S. national banks plowed back 57% of their 1949 earnings into capital funds, a report to the American Bankers Assn. says. This increased capital funds by \$270-million.

Total consumer credit rose 2% during April to a total of \$18.6-billion, Federal Reserve Board figures show.

Lone Star Gas Co., of Dallas, has borrowed \$85-million from Prudential Insurance Co. and several banks. It will use about \$55-million to retire all outstanding debt. The rest goes into expansion.

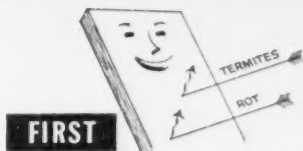
Safeway Stores has filed with SEC a registration statement for 321,000 shares of \$100-par preferred stock, and 257,000 shares of \$5-par common stock. The new preferred will be used to retire old preferred. The common will be sold to pay off bank loans.

Bidding was close in Wall Street for the \$60-million of Northwestern Bell Telephone Co. debentures. A group headed by Morgan, Stanley & Co. bid about 10¢ per \$1,000 less than a Halsey, Stuart & Co. syndicate. The issue was quickly resold to investors.

Louisville's 1% tax on wages and net profits has been made permanent. The city first imposed the tax two years ago.

Macy's plans to sell \$10-million worth of 4% preferred stock to Prudential Insurance and Metropolitan Life. The money will be used to build up working capital.

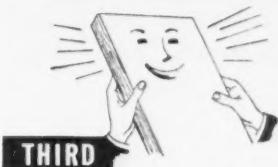
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PROTECTION—Treating of lumber preserves it—just as alloys preserve metals. The purpose is to protect lumber against costly rot and termite damage.



SECOND
PRESSURE TREATMENT vs. Surface Application—Authorities say that pressure treatment provides the only sure, lasting protection to lumber.



THIRD
OTHER QUALITIES TO LOOK FOR—For greatest usefulness, preservatives also should be clean, odorless, paintable, non-leaching and non-corrosive.



For complete information about **WOLMANIZED** Pressure-Treated Lumber, write for free booklet.

*Reg. U. S. Pat. Off.



FOURTH
WOLMANIZED Pressure-Treated Lumber combines all these requirements—lasts 3 to 5 times longer than untreated wood, because it's treated under 150 lbs. pressure per square inch. Protection is deep in the wood fibers. It's clean, odorless, paintable, non-leaching, non-corrosive. Wolmanized Pressure-Treated Lumber has been proved in use for over 25 years. It will prove its value to you, too.

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THIS PLAN combines a unique management-control of labor costs and a precise measure of productivity

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A PRACTICAL employee participation program paying added earnings in direct proportion to increases in productivity of the entire plant.

PROVEN by eighteen years of economic research and twelve years of practical, successful operation in both United States and Canadian firms. It is not a profit-sharing plan. It requires no time and motion studies and no added clerical labor in its operation.

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ADDED EARNINGS for both employees and employers are generated by increases in Production Values. Results follow from enhanced application of mutual skill, experience and teamwork.

THE RUCKER SHARE OF PRODUCTION PLAN is the only plant-wide Plan assuring mutual rewards directly proportionate to all four major sources of increased Production Values, viz:

- Savings in raw materials, supplies, power, repairs;
- Reductions in rejects and "seconds", and improvement in quality;
- Increases in unit volume of output;
- Increases in prices.

PRODUCTIVITY GAINS range from 5% to 55%, with corresponding and directly proportionate increases in employee income. Added earnings provide a sound basis for an employee Pension and Retirement Plan when so desired.

NOW IN OPERATION in a variety of industries, including Fibre Conduit, Furniture, Instruments, Metal Products, Paperboard, Paper Boxes, Pharmaceuticals, Plastics and Textiles.

THE RUCKER SHARE OF PRODUCTION PLAN is exclusively developed and installed by us.

RESULTS are described in more detail in literature available to executives on request and without obligation. Please use your firm's letterhead.

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THE MARKETS

Last Week's 20 Most Active Stocks

	Week's Volume	High	Low	Close	Net Change
United States Steel	226,900	*36	32 $\frac{3}{4}$	35 $\frac{3}{4}$	+1 $\frac{3}{4}$
General Motors Corp.	195,400	*97 $\frac{3}{8}$	88 $\frac{1}{2}$	96 $\frac{7}{8}$	+6 $\frac{1}{2}$
Radio Corp.	163,500	21 $\frac{3}{4}$	19 $\frac{1}{2}$	21 $\frac{3}{8}$	+ $\frac{3}{8}$
Chrysler Corp.	144,800	*78 $\frac{1}{2}$	67 $\frac{3}{8}$	78	+8 $\frac{1}{8}$
Socony-Vacuum	121,300	*20 $\frac{1}{4}$	18 $\frac{3}{8}$	*20 $\frac{1}{4}$	+1 $\frac{1}{4}$
Westinghouse Electric.	95,100	*35 $\frac{7}{8}$	34 $\frac{1}{2}$	*35 $\frac{7}{8}$	+ $\frac{3}{8}$
United Corp.	79,700	*4 $\frac{1}{4}$	4	*4 $\frac{1}{4}$	+ $\frac{1}{8}$
Republic Steel.	78,900	*35 $\frac{1}{2}$	33 $\frac{1}{4}$	35 $\frac{1}{4}$	+ $\frac{1}{2}$
Studebaker.	73,100	*35 $\frac{3}{8}$	31 $\frac{3}{4}$	35	+1
N. Y. Central.	71,400	14 $\frac{3}{8}$	12 $\frac{3}{8}$	14 $\frac{1}{4}$	+1
Bethlehem Steel.	70,500	*39	36 $\frac{3}{8}$	38 $\frac{3}{4}$	+ $\frac{3}{8}$
Int. Tel. & Tel.	67,400	14	12 $\frac{1}{2}$	13 $\frac{3}{8}$	- $\frac{3}{8}$
Packard.	64,300	4	3 $\frac{3}{4}$	4	+ $\frac{1}{4}$
Sinclair Oil.	63,200	28	25 $\frac{1}{2}$	28	+ $\frac{3}{8}$
Tri-Continental Corp.	62,700	*11 $\frac{1}{8}$	10 $\frac{1}{4}$	11	+ $\frac{1}{8}$
Consolidated Edison.	62,500	33 $\frac{1}{2}$	32	33 $\frac{1}{8}$	+ $\frac{3}{8}$
International Nickel.	61,500	30 $\frac{1}{2}$	29 $\frac{1}{8}$	29 $\frac{1}{8}$	- $\frac{3}{8}$
Avco Mfg.	53,600	8 $\frac{1}{4}$	7 $\frac{3}{4}$	8
Admiral Corp.	51,900	36 $\frac{1}{4}$	32 $\frac{1}{8}$	35 $\frac{1}{4}$	+ $\frac{3}{4}$
Canadian Pacific.	49,600	15 $\frac{3}{4}$	15	15 $\frac{3}{8}$	+ $\frac{1}{8}$

* 1950 high.

Wall Street Plays the Favorites

Most of the stock market money is going into the big basic industries that stand to gain most from the current boom. The market leaders are solid stocks with a dividend record.

Wall Street is taking its cue right out of the latest business statistics. It's betting on a continuing boom in production and sales that will especially favor the country's big basic industries.

Take last week, when the bulls had things pretty much their own way on the stock exchanges. The list of the 20 stocks most actively traded on the Big Board reads like a roll call of industries that stand to make the most out of the business boom.

• **Basic Industries**—The steel industry is now producing above its theoretical capacity. It's a major supplier to most other industries, particularly automobiles and building. Steel earnings for the first half of this year look lovely. That's why you find such key steel companies as U.S. Steel, Republic, and Bethlehem among the 20 leaders.

The situation in the oil industry has been firming up fast in the past couple of months (BW—Jun. 10 '50, p. 22). Now there is talk that gasoline production may not keep up with the millions of new cars the auto industry is putting out on U.S. roads. The cold spring kept heating-oil supplies from piling up as fast as they should to keep the

nation's rapidly increasing number of home oil burners ready to meet a cold winter. And so Socony-Vacuum and Sinclair Oil bobbed up among the popular stocks last week.

• **The Auto Boom**—You can easily see why the automobile stocks stood out last week. There were special reasons for the big gains in GM and in Chrysler. For GM, it was the stock split (page 111). For Chrysler, it was the fast recovery of production since the strike. But Studebaker and Packard also showed up among the leaders.

Investors and traders are banking on a continuing boom in autos that will keep even the smaller, more speculative companies on easy street.

Westinghouse Electric stands to gain two ways from the business boom. As a manufacturer of heavy electrical equipment, it shares in the general prosperity of the capital-goods industries. Its home appliances are selling like hot cakes in the present eager market for consumer hardgoods.

• **The Chancy Ones**—Most of the stocks that Wall Street considers speculative were well down toward the bottom of the 20 leaders last week. Avco

and Admiral, the TV favorites, didn't get so much of a play.

But for the first time in many weeks, there was a revival of interest in the hard-hit rails. Both New York Central and Canadian Pacific showed up among the top 20. Some Wall Streeters are taking a long look at the rail stocks. If general business prosperity is as good as it looks, it's hard to believe that the rails are going to be at the end of the parade forever.

All in all, however, stocks of big industrial companies had it pretty much their own way. The speculative stocks that showed up among the 20 leaders didn't get the play they have had in other upward moves of this bull market.

• **Big Money**—When you consider dollar volume, the high-grade stocks really shoved the speculative issues even further into the background. The dollar value of the General Motors and U.S. Steel shares that changed hands, for instance, was about double the value of all the more speculative shares traded among the top 20.

It's significant, too, that all but three of the 20 leading stocks last week are on a regular dividend basis. That appeals more to investors these days than the chance for quick capital gain.

The dominance of the higher-grade stocks makes Wall Street think that this bull market is still some distance away from the end of its road. In past bull markets, the higher-grade stocks have risen more quickly in the earlier stages. When the low-priced stocks have started getting the main play, it has been a warning to get out.

• **The Prudent Man Again**—You have to remember, of course, that some traders are now buying high-class stocks for a quick turnover. They hope to sell to New York trustees after the "prudent man" law goes into effect July 1 (page 100). Their buying probably gave the blue chips an extra boost.

By and large, Wall Street is buying the business boom—which is another way of saying that it is buying the stocks that are getting the most out of the kind of boom we are having now.

Stock Split-Ups: Fewer But Larger

The 1949-50 bull market hasn't touched off any such flood of stock split-ups as those seen in 1929 and 1946 (BW—Apr. 27 '46, p. 62). Only 30 stocks have been split thus far this year. Even in bear market 1949's first half, two more than that were reported. And back in the bull market days of 1946, though the Dow-Jones industrial stock average never came within 16 points of equaling its recent peak, there were more than four times as many stock splits as in 1950.

Nevertheless, today's bull market has produced the biggest stock split-up operation in history. Last week, directors of General Motors Corp. proposed a 2-for-1 split-up of the 44,104,344 outstanding common shares (BW—Jun. 10 '50, p. 28).

• **More Coming?**—Many Wall Streeters expect this news (which came unexpectedly and sent GM common kiting) to quicken the pace of the split-up trend. Within a few days, directors of Mathieson Chemical announced that each share of the company's no-par common would be split into two \$5-par shares. And already, Wall Street has started nominating as likely stock-split candidates such shares as American Can, Amerasia Petroleum, Atchison, Adressograph-Multigraph, California Packing, Chrysler, Goodrich, Libbey-Owens-Ford, Monsanto, Pfizer, and Youngstown Sheet & Tube.

• **Only for Bulls**—Epidemics of stock splits normally occur during bull markets—and in the later more frenetic phases. It is much more practical to split your stock when earnings, div-

idends, and stock prices are at high levels.

In lesser numbers, such deals occur in almost any year except during real recession periods. The spring of 1949, for example, looked to E. I. du Pont like a good time to split up its common shares 4-for-1.

• **Warning**—Wall Street finds it hard to explain why stock split-ups have been at such a low ebb during the current bull market. One reason may be what occurred while the 1946 epidemic of such deals was at its height.

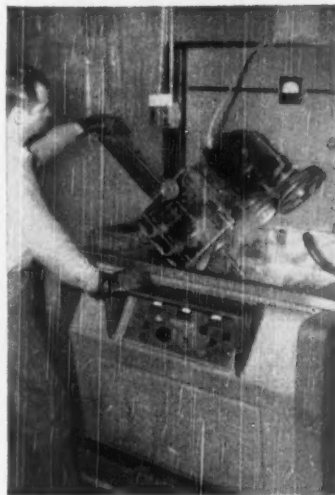
At that time, signs began to appear indicating that many stock-splits were being used more to needle certain issues to new highs than for "legitimate" reasons. Eventually, Emil Schram, New York Stock Exchange president, warned corporations listed on the Big Board that the exchange would not look kindly on splits by companies with feast-and-famine records of big earnings one year, big deficits the next.

• **Many Motives**—What are the actual motives behind stock splits?

One important factor is a desire to broaden the market for a corporation's shares, to increase the number of its stockholders. Another reason: By splitting up their stock, prosperous companies can obscure large per-share earnings, play down large dividends.

Some Street cynics claim that this reasoning chiefly accounts for GM's split-up proposal. That's not the "official" reason, however. GM president C. E. Wilson says it is to make the company's shares (lately hovering above a \$95 level) more marketable.

YOU CAN BE SURE... IF IT'S Westinghouse



How Maytag Has Lowered Their Break-Even Point

The task of lowering the "break-even" point at the Maytag Company, as at most manufacturing plants, is high on management's priority list. One major stumbling block was the application of heat to product parts... particularly for the hardening of shafts.

Westinghouse R-F Heating was investigated and units were installed for shaft hardening. The results speak for themselves: hardening costs reduced to 1/3 of previous costs—production rate increased 250%—distortion from heating reduced from .012" to .001" or less—shaft straightening and descaling eliminated—rejects are nonexistent.

R-F heating is profitable heating for soldering, brazing and annealing as well as hardening. For details, write to Westinghouse Electric Corporation, Department BW-2, 2519 Wilkens Avenue, Baltimore 3, Maryland. J-02215



Westinghouse
RF HEATING

LABOR

Carving Out a New Union in the Electrical Manufacturing Industry

Tabulated below is the record of collective bargaining elections held by the National Labor Relations Board in the electrical manufacturing industry from November, 1949, through May, 1950. These elections involved

CIO's electrical workers and the expelled electrical workers' union as principal rivals in this strategic jurisdiction. Other unions were interested, however, and the contest was complicated by "outsiders" horning in.

Participating Unions on the Ballot	WINNERS							VOTES RECEIVED					
	Total Elections	AFL	IUE CIO	Other CIO	UE	Other Unaffil.	No Union	AFL	IUE CIO	Other CIO	UE	Other Unaffil. Unions	No Union
TOTALS:	350	13	185	2	123	11	18	4,914	127,858	2,384	73,618	3,351	9,416
IUE-CIO (alone)	67		65				2		15,201				2,556
UE (alone)	21				20		1				1,508		214
IUE-CIO and UE	187		100		63		11		104,281		61,084		5,600
IUE-CIO and AFL electrical workers	1	1						133	126				5
IUE-CIO and AFL federal local	1	1						17	11				1
IUE-CIO and AFL Pattern-makers	1		1					10	12				0
IUE-CIO and AFL chemical workers	1		1					260	834				4
IUE-CIO and AFL carpenters	1		1					6	107				29
IUE-CIO and machinists	1		1						13			3	3
IUE-CIO and other independent unions	4		3			1			303			192	15
UE and AFL electrical workers	3	2			1			1,580			1,997		285
UE and AFL Jewelry workers	1							18			20		0
UE and AFL Operating Engineers	2	1	1					33	25		3		0
UE and AFL teamsters	3	2			1			34			34		2
UE and CIO automobile workers	4			1	2		1			2,068	2,058		237
UE and CIO steel workers	2			1	1					220	71		6
UE and machinists union	4				1	3					453	341	5
UE and other independent unions	1				1						65	9	4
IUE-CIO, UE and AFL federal local	1							112	223		312		22
IUE-CIO, UE and AFL patternmakers	2	1						63	45		23		0
IUE-CIO, UE and AFL electrical workers	3	1	1		1			1,802	2,462		550		15
IUE-CIO, UE and machinists	13		4		7	1			2,693		2,156	1,037	64
IUE-CIO, UE and other independent unions	16		5		2	6	2		1,322		1,063	1,415	151
UE, AFL auto workers and CIO steel workers	1		1					20		96	16		1
UE, Machinists and independent union	1				1						427	279	8
IUE-CIO, UE and AFL Die Sinkers	1	1						103	51		44		
IUE-CIO, UE, machinists and UAW-AFL	1	1						411	94		131	75	4
IUE-CIO, UE and AFL boilermakers	3	2			1			302	43		495		
DECERTIFICATION ELECTIONS:													
UE	2				1		1				88		74

Peaceful Revolution

The biggest jurisdictional dispute in the history of any U.S. industry has been going on for the past six months.

It started last November when the CIO booted out its United Electrical, Radio & Machine Workers (UE) on the ground that it was under Communist leadership. After the expulsion, the CIO chartered a new union, the International Union of Electrical, Radio & Machine Workers (IUE-CIO). And it backed its new organization in a drive to take members and contracts from the UE.

CIO's aim: to take jurisdiction over labor in the highly unionized and far-flung electrical manufacturing industry.

• **Jurisdictional Problems**—Some of the most costly and exasperating labor problems American employers have had to face have grown out of so-called jurisdictional disputes. Usually, they involve one union fighting with another for the right to represent a group of employees. Sometimes, management feeds the flames of such a conflict by preferring one of the unions and encouraging it to do battle.

But in its pure form, a jurisdictional scrap flares through no fault of the employer. He is consigned to the role of innocent bystander who catches the Sunday punch. Helpless to do anything about it, he is caught in the middle of a fight which may rage for years—and has in a significant number of cases.

• **Recent Miracle**—So it is something of a miracle in labor relations that recent happenings in the electrical manufacturing industry haven't wound up in strike statistics, production losses, or corporate deficits. The story is best told in the table at the left; it shows election results of balloting conducted by the National Labor Relations Board, November through May.

What has been happening does not make a simple tabulation. Once the jurisdictional dispute over more than a quarter-million electrical workers became an open fight, more unions moved in, trying to carve out something for themselves.

For NLRB, the whole thing has been a mess. But the board can take great credit. It has handled the dispute in a way that has let employers continue to run their plants, kept workers out of clashing picket lines.

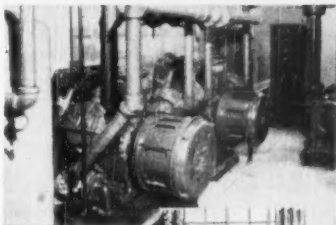
• **What's to Come**—The fight isn't over yet. A number of elections are still to be held. That may cause trouble—because NLRB has had to cut its staff

right down your alley
...you'll meet
GARDNER-DENVER



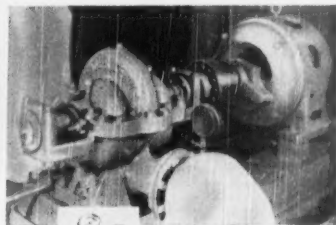
**THE STREET
YOU LIVE ON**

"Speedy" is the word for street repairs when crews are equipped with Gardner-Denver air tools. This Paving Breaker, for example, makes fast work of concrete demolition. Gardner-Denver Rock Drills, Clay Diggers, Backfill Tampers speed other steps of the job.



**THE CHAIR
YOU
RELAX IN**

The woodworking industry uses compressed air to make such furniture better, and at lower cost. With Gardner-Denver Air Compressors in the plant, there's plenty of low-cost air for clamping, sanding, paint spraying, etc.



**THE THEATER
YOU ENJOY**

Air-conditioned comfort must never fail. That's why many air-conditioning systems—as well as sprinkling systems, refineries, etc.—depend on rugged Gardner-Denver Centrifugal Pumps—like the one shown here.

AND IN YOUR OWN BUSINESS

—whether it's large or small—the chances are you can benefit through some application of Gardner-Denver compressors, pumps, rock drills or other pneumatic equipment. Let us give you complete information on Gardner-Denver installations in other plants in your field. And remember, every Gardner-Denver product is backed by our more than 90 years of manufacturing experience. Gardner-Denver Company, Quincy, Illinois.

SINCE 1899

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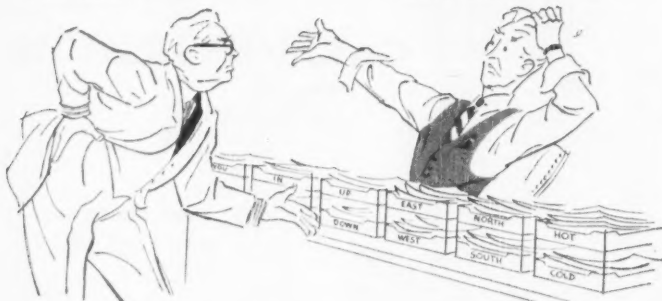
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(No. 8)

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"CAUSE THESE WON'T
TAKE OUR NEW
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***An awfuss is a place where business is misconducted**

BANISH THAT swap-and-switch confusion of which-size desk trays. This new handsome, sturdy Adjusto plastic desk tray is BOTH letter size and legal size, instantly adjustable to either. It's a patented Globe-Wernicke innovation, designed to fit both standard sizes of business forms, with simple pull-push action. It may be locked in position for either size.

Used individually or stacked, it promotes good "housekeeping," eliminates need for two sizes of desk trays, simplifies ordering and inventorying.

Strong; well made of light-weight hard-wearing plastic; black or brown. No finish to wear off or become marred or disfigured. Always as good looking as brand new. Low in cost—economical life-time service for all desk tray requirements.

Your dependable Globe-Wernicke dealer will supply them, as well as all other office needs. Find him quickly in your classified telephone directory under "OFFICE FURNITURE & EQUIPMENT."

ADJUSTO PLASTIC DESK TRAY

Handsome, strong, light-weight—quick-action hand spaces—instantly adjustable to letter or legal size. Patented. Another Globe-Wernicke innovation to speed up office work, cut costs.



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and Visible Records

Cincinnati 12, Ohio

for economy reasons and some balloting may be delayed. And a simmering jurisdictional dispute can boil over into a strike if a decision isn't reached fast.

Serious contract negotiations will begin now that the unions have been certified as bargaining agents. That may lead to deadlocks and strikes. But that kind of trouble is easier to handle than what management might have faced if the fight had been a union free-for-all.

• **And in Two Years?**—To date, IUE-CIO is clearly ahead as bargaining agent. But the Taft-Hartley act provides that a union's representation rights may be challenged after a reasonable time. NLRB has held that two years is a maximum amount of "reasonable time." So in two years, the electrical manufacturing industry will have to go through all this again. And it will continue to have to do so until the field is abandoned by all but one dominant union, or until NLRB has authority to fix bargaining rights for a longer period. Neither of these things is likely to happen soon.

BLOOD FOR A DAY WITH PAY

Packard Motor Car Co. and United Auto Workers (CIO) last week signed a unique memorandum agreement: It provides for labor-management cooperation in setting up an employee blood bank, with the help of the American Red Cross.

Under the agreement, a "Packard account" will be set up in Detroit's Red Cross blood bank. Employees and their families may draw on it, without fees, if they need transfusions. And employees may donate blood, voluntarily, for the account without inconvenience or loss of pay.

Employees who want to contribute blood make an appointment, during regular work hours, at the Red Cross blood-donor center. They report to the center, give their blood. Then they can go on home—or anywhere else. They don't have to go back to the Packard plant, but they get paid for their full shift.

Packard and UAW drafted their plan in cooperation with a Red Cross drive for better-stocked blood banks. In most industrial centers, the Red Cross is offering to set up "accounts" for groups of plant employees and their families.

The Pictures—Cover by Robert Iscar. European—130; Int. News—26; McGraw-Hill World News—152; Charles Rotkin—22, 23; Edward Sievers—120, 121; Wide World—20, 34; Dick Wolters—19 (rt), 31, 76, 78, 80, 82.

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This crystal vase by Orrefors, designed by Victor Lindstrand, is illustrative of the finest in modern glassmaking skill.

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Though soda ash is vital to the glass industry—the largest individual consumer—it is also important in many other fields. In fact, it is such an important basic heavy chemical that its rate of consumption has been widely recognized as a major index of industrial activity.

The ability of Mathieson to meet the needs of the glass, soap, chemical, pulp and paper, textile, iron and steel and non-ferrous industries for soda ash—and for the other basic heavy chemicals—is potent proof of capacity to better serve industry, agriculture and public health.

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Battling Again

Denham and NLRB clash
over T-H rules on union-shop
elections, policy on small-
business cases.

No summer truce is in sight in the running feud between the National Labor Relations Board and general counsel Robert N. Denham.

NLRB clashed publicly with Denham on two issues last week:

- It admonished him sharply for his decision not to enforce the T-H union-shop-election rule in the construction industry.

- It took issue with him again on the controversial question of NLRB policy in cases involving small businesses, such as neighborhood drug-stores. Denham says the board must handle them any time they come up; the board contends it doesn't have to handle cases with such a "remote effect" on interstate commerce.

- **In the Case of Construction**—Denham and NLRB can't agree on the matter of union-shop polls in the 2-million-employee construction industry. Under T-H, a union can bargain for a union-shop contract only if a majority of all employees approve one, in advance, in an NLRB election.

This is almost impossible in the construction industry, where projects don't usually last long. By the time slow-moving NLRB can hold a union-shop poll, workers have scattered to new jobs.

NLRB conducted a "pilot" election two years ago for employees of western Pennsylvania road builders. It was complicated and time-consuming—and showed only what everyone knew, that the workers wanted a union-shop clause.

- **Impractical, Says Denham**—Last December, Denham urged that polls be waived as "impractical" in the construction industry wherever work is fluid and short-lived. Polls would be required only on big construction projects—where there's a long tenure of employment.

Last week, NLRB replied that "practical considerations" make the proposal tempting—but the T-H law bars it. "We have no choice but to enforce the law as written," the board informed Denham. If parts of the law won't work, "It's our duty to report that fact to Congress, [not] to change the law ourselves by administrative exemption of a single industry."

NLRB's reply must be considered as retaliation for Denham's persistent charges that the board isn't following T-H closely enough—that it's interpreting the law loosely, with "a Wagner act philosophy" (BW—Mar. 4 '50, p.108).

Denham retorted: The board should

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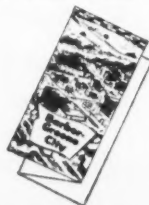
put them down
so they won't
go out!

This Barber-Greene Runabout Ditcher travels to the job at 15 m.p.h. road speed, digs a trench up to 10½" wide to a depth of 4'



Sure cure for the costly toll taken each year by storm-wrecked communication and power lines is to put them underground. This policy — now being followed on an ever-widening basis — has become considerably more practical since the advent of the Barber-Greene Runabout Ditcher. The familiar green Runabout on its own pneumatic tires, drives from job to job at 15 miles per hour. It is a heavy duty machine, able to dig through frozen or rocky ground — even through asphalt. It is the newest addition to the B-G Ditcher line which has set the pace for trenches up to 24" wide and 8' 3" deep for over 25 years, in city service, and cross country work. Barber-Greene Company, 650 West Park Avenue, Aurora, Ill.

The B-G Runabout is one of several B-G Ditchers whose applications are interestingly illustrated in "Barber-Greene City," a panorama of Barber-Greene equipment at work. Send for your copy and ask for bulletins on the B-G Ditchers that interest you.



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A company of engineering and manufacturing experts building machines and equipment . . . for loading, unloading and conveying all bulk materials . . . for mixing and placing bituminous ("black top") surfaces . . . for ditching . . . for snow removal.

exercise the same "discretionary power on elections that it uses in deciding to accept a small-business case, or to refuse it."

• **What About Small Business?**—That hot issue popped up just 24 hours later. The board filed a brief taking issue with Denham in the Haleston Drug Stores, Inc., test case.

Denham had issued an unfair-labor-practice complaint against an AFL union, alleging coercion to force the Portland (Ore.) company to sign an illegal union-security contract. The board refused to take jurisdiction because only four stores and 11 employees were involved. Subsequently, Denham in a New York speech criticized this "Wagner act philosophy" and urged employers to appeal to federal courts any adverse decision from NLRB based on it. So Haleston took its case to court.

• **NLRB's Point**—Now, NLRB is asking the Seattle Circuit Court of Appeals to dismiss the company appeal. It argues that both the Wagner act and Taft-Hartley act give the board the right to decide whether to hear a case. The board's funds and personnel are now far too limited, NLRB says, to permit scattering them over cases of "essentially local nature."

NLRB's brief—not signed by Denham—quotes Sen. Taft: "The board should make some declaration of policy and . . . the general counsel should follow that declaration of policy. Of course, he is bound to do it in the end."

WOMEN'S LEAGUE WINDS UP

Women in American unions no longer need a guardian. At least that's what the 47-year-old National Women's Trade Union League decided. So this week, it went out of business.

The league was launched during an AFL convention in Boston in 1903—with the blessing of AFL President Samuel Gompers. In those days, unionism was mostly a for-men-only proposition.

The new group, made up of the few unions with women members, set itself two goals: (1) to help women get jobs in industry, and to watch out for their interests when they did; and (2) to help them win equal rights and privileges in unions.

The going was tough at first. But the league began to pick up new union support after the Chicago garment industry strike in 1910, when the women's group pitched in to organize and support a commissary for strikers. Three decades of slow progress wound up with full acceptance of women workers during the "Rosie, the Riveter" days of the war. This week, the league announced it had worked itself out of a job.

Want to know a STORK CLUB secret?...



IT'S NOT ABOUT any of the famous "big names" who patronize the Stork Club. It has nothing to do with the staff or the service—though both are the very last word in perfection. And it's not a recipe for any of the Club's culinary delights—magnificent though they are. Strictly speaking, it's not even about Sherman Billingsley, the Stork Club host, who can make anyone feel like "someone." Yet it's a secret that has much to do with the Stork Club's outstanding reputation.

It's the secret of painstaking attention given to all kinds of little details... little seemingly unimportant things like towels in the washroom. For towels, even though they seem trivial, are important—mighty important—to both guests and employees, as Mr. Billingsley knows. That's why all washrooms in the famous Stork Club are equipped with soft cotton cloth towels.



In the Stork Club Ladies' Room, fastidious women always find plenty of soft cotton cloth towels. In thousands of well-managed restaurants, department stores, offices, and industrial plants, low-cost cotton towel services are improving public and employee relations.

Yes, in food, in service, in all the little details that count so much—only the best is good enough for the distinguished patrons of the Stork Club. Take perfume, for example. On the table pictured, you'll see a flacon of "Sortilege." This is the sensational fragrance introduced to America's great beauties by the Stork Club and already a tremendous favorite among discriminating women. Why? Simply because, in typical Stork Club style, "Sortilege" is one of the world's best perfumes—unique, unforgettable.



Fairfax individual hand towels are frequently preferred when a personalized service is desired—or often in combination with Fairfax continuous towels.



Fairfax continuous towels help move washroom traffic rapidly, cut down porter service, make it easier to keep washrooms neat, clean, and litter-free.



Look under "Servilinen" or "Linen Supply" in the classified phone book for local suppliers of a Fairfax cotton towel service to satisfy your needs.



Fairfax towels and toweling are made by the makers of famous Martex bath towels. Their extra softness and absorbency mean maximum satisfaction.



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A unit contains 6 shelves 42" x 24" and stands 84" high with 12 1/4" clearance between shelves. Extension units available.

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Try to simplify your wife's work. That's a problem instructor Duane Thornton gives Sola Aircraft foremen. It's not a game: Home and plant motion problems are similar.



2. OBSERVATION: Motion study on Lois Patton's vacuum cleaner problem is the same as check in Solar plant on roll-welding machine operators.



4. SOLUTION: Red talks Lois into using rolling cart, thinks it will halve her cleaning time. At the plant, dryer cuts work delays in drying to 20 minutes.



PROBLEM: At home, Red Patton's wife loses time; cleaner attachments are scattered. At the plant, his men lose time lugging wet parts to another building.



3. ANALYSIS: Motion charts show up wasted time. Lois makes 15 trips to round up cleaner attachments. Plant drying process wastes three hours a day.

Payoff on Wasted Motions

At Solar Aircraft Co.'s San Diego plant, foremen who attend work simplification classes really dig into their homework. They've been using factory time and motion-study methods on such household chores as dish washing, mowing the lawn, general house cleaning.

• **Mother's Helper**—And they've discovered a surprising amount of waste time and motion in the home. That's what Solar had hoped they would do.

For Solar's works manager Earl Foster finds that foremen who try out work simplification methods at home tend to use them automatically in the plant. Furthermore, the bridge between house and factory is a short one:

The basic motions used in working in both are about the same. So, the man who spots a waste motion in housework recognizes—and corrects it—in the plant.

Solar's work simplification class is voluntary, but most foremen are signed up for it. Foster expects a 25% boost in productivity after the foremen wind up their eight-week course. That's based on the results he's seen so far.

• **Byproduct**—Note to appliance manufacturers: The classes have had a by-product result. In their enthusiasm for time and motion saving, some of the foremen have sold themselves on the need for home mechanization. Many of them are in the market for labor-saving devices.

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lower
industrial
costs

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CHARLESTON, S. C.

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THINK OF IT!
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Protection against FIRE,
THEFT and VANDALISM for
Years to Come!

Laboratory approved, tamper-proof system that can be installed in a few hours by anyone! . . . "Puts pep in the step of watchmen" . . . Thousands in use all over the world . . . Durable—lasts for many years.

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- **Quickly Pays for Itself**
- **Your watchmen or any night worker, can operate it**

SEND FOR FOLDER
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smile
will
bring
her
back



What more impressive way of telling her you are glad she came in than with the Stanley "Magic Door" — that opens automatically on approach, and closes silently after traffic has passed. She will show her appreciation by continuing to shop at your store. But there's more to it than that. Business-building, money-saving features of Stanley

Magic Door Controls include additional advantages. Crowds don't queue up at doorways, doors aren't open as long, and that pares the cost of heat in winter and air conditioning in summer. Stanley Magic Door Controls are widely used in industrial plants, hospitals, and office buildings. Use this coupon to get full details.

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STEEL STRAPPING • STEEL



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Kindly send me full information on Stanley Magic Doors.

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"Buy Union Milk"

Teamsters use that slogan on dairy customers in Baltimore. Aim: to get dairies organized. Despite squawks, it works.

If you can't get a company and its employees under a union contract, cut away at their business until they're anxious to sign up. That's the strategy AFL's teamsters are using in a drive to organize nonunion dairies in Baltimore.

The teamsters are going all-out to build up the business of one newly unionized dairy at the expense of non-union competitors. And they're getting results. At the last report, some 11,000 new customers were getting milk and dairy products from the Green Spring Dairy. Teamster "salesmanship" signed them all up.

The way they did it is important to retail stores—and to every other employer of teamsters. What happened in Baltimore may happen elsewhere.

• **Drive**—For 10 years, Western Maryland Dairy Co., largest in Baltimore, was the only union dairy in the city. The teamsters' national officers didn't like the situation; they told Baltimore organizers to get to work.

The first step was to organize the Green Spring Dairy. Then its workers struck for a weekend to force union recognition. The company gave in. The short work stoppage cost the company 300 customers, but the union told James Ward, Sr., company president, not to worry—the teamsters would get him 16,000 new customers.

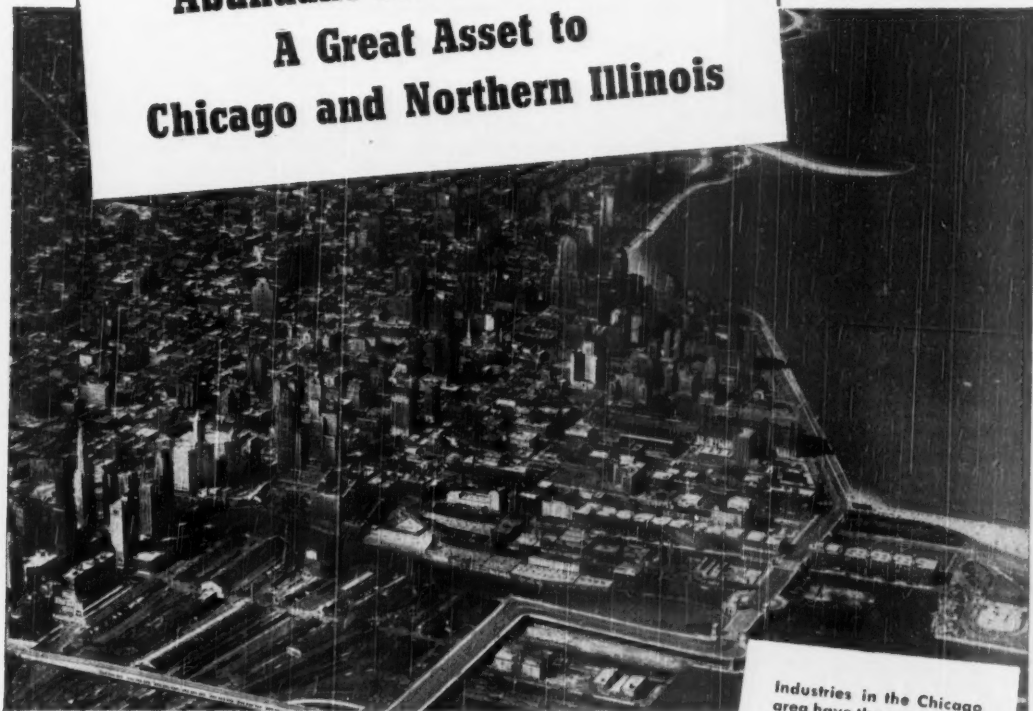
• **Tactics**—The pledge wasn't just to reassure Ward about the soundness of doing business with the union. It was part of the union's strategy against the other nonunion dairies.

Most of these dairies had started "bobtailing"—selling routes to driver-salesmen—when they saw what headway the teamsters were making at Green Spring. These tactics made memberships a lot harder to get. So the union welcomed a chance to apply its "salesmanship" against the nonunion business.

How? The teamsters called on restaurants, hotels, and other business places dependent on teamster services. It "urged" them to buy "only union milk"—and suggested they get it from the Green Spring Dairy. Most buyers agreed without much argument.

• **Coercion?**—Other dairies complained about the "coercive tactics" of the teamsters, and still held out against the union. Teamster spokesmen denied they had forced anyone to change dairies; they said they had just "sold" a lot of customers on the advantages of union-delivered dairy products.

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Unions will try to get \$1 wage floor in government contract work, then pressure Congress to lift 75¢ minimum to \$1.

Last year, the unions won a 75¢ hourly minimum wage. Now, they are out to make it a dollar.

• **Strategy**—This is their strategy: First, get a \$1 minimum set in the basic industries on government-contract work under the Walsh-Healey Public Contracts Act. Then put pressure on Congress to bring the rest of industry up to "existing" \$1 minimum-wage levels.

The Walsh-Healey act requires an employer with government contracts of \$10,000 or more to pay the "prevailing minimum wage" for his industry. The Secretary of Labor decides what the "prevailing minimum wage" shall be. Lately, Secretary Maurice J. Tobin has been pegging these minimums well above the old 75¢ mark.

• **Higher Pegs**—This week, for instance, Tobin set a \$1.05-an-hour minimum for government-contract work in the aircraft industry, effective July 8. He has already upped the wage floor in seven other industries on union application: Steel, \$1.23, \$1.19, and \$1.38½; woolen and worsted, \$1.05; soap, 95¢; textiles, 87¢; men's hat and cap, 85¢; uniform and clothing, 85¢; and pressed and blown glass, 83½¢.

United Auto Workers (CIO) asked for a \$1.15 minimum in aircraft manufacturing. Two other unions—the United Electrical Workers and the International Assn. of Machinists—supported UAW's petition at a public hearing. The Aircraft Industries Assn. and individual parts suppliers—including General Electric—opposed any increase over the 75¢ legal minimum; in any case, they argued, it shouldn't go over 95¢ an hour.

• **Compromise**—Both sides cited government statistics. And in arriving at the \$1.05 compromise, Tobin reasoned: The \$1.15 demanded by UAW and the other unions is too high; 115, or 82%, of 140 aircraft plants surveyed regularly by the Bureau of Labor Statistics employ 14,000 workers who are paid less than \$1.15 an hour.

A \$1.05 minimum is more reasonable because plants employing 60% of all aircraft workers pay more than \$1.05 to all except 1% of their employees.

Tobin set a sub-minimum 75¢ floor for apprentices. He made no provision for learners' rates. Special, lower rates for handicapped workers will be set on request, he said.

• **More to Come**—Tobin now is considering minimum rates in some of the

other 34 industries in which Walsh-Healey wage floors have been laid in the past. These include the chemical industry, pulp and paper, small-arms manufacturing, and explosives. In each of them, unions are plugging for a wage floor right around \$1.

Tobin also is looking—at union request—at the situation in some industries in which rates have never been fixed under the Walsh-Healey act. These include rubber-tire manufacturing, petroleum and refining, battery manufacturing, and fabricated structural steel industries. New minimum rates may be fixed for government-contract work in these industries, too.

LABOR BRIEFS

• **UE protest** against the IUE (CIO) victory at General Electric's Lynn, Mass., plant is now before NLRB. UE complains that Secretary of Labor Tobin urged workers to vote for IUE.

• **Circus party** is being held this weekend by Firestone Tire & Rubber Co. in North Adams, Mass. Employees and families (total: 9,000) will see Ringling Bros.-Barnum & Bailey show free, in honor of company's 50th anniversary.

• **"Exotic dancers"** nabbed in Houston on strip-tease charge told the court: Our AFL union has a \$500 fine for nudity—we are always careful. Charges dismissed.

• **Cut in NLRB funds** expected for next fiscal year is behind board moves to cut personnel. Tentative dismissal notices have gone out to 40 field examiners, 15 staff attorneys.

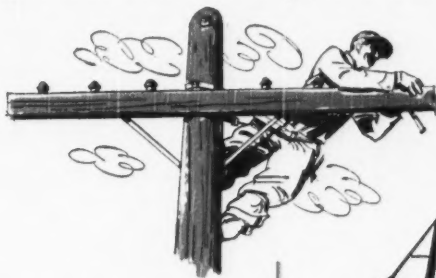
• **Atomic mediation panel**, headed by William Davis, scored a new victory last week. It ended a wildcat strike on a multimillion Oak Ridge (Tenn.) construction job, will decide a dispute over a wage increase.

• **Contract is void** if it's negotiated between a company and a small nucleus of workers (125) in a plant that expands a lot right afterward (to 5,400). That's NLRB's ruling in a Hanford (Wash.) atomic energy works construction case.

• **Sickness, accident benefits** now appear in slightly more than 30% of labor-management contracts on file with BLS; almost all of them are less than a decade old, BLS reports.

• **Three pay boosts** are provided in a new three-year contract between Lionel Corp. and CIO employees: a 5¢ hourly raise this year, 2¢ raises in 1951 and 1952.

Light and Power Companies treat Crossarms with

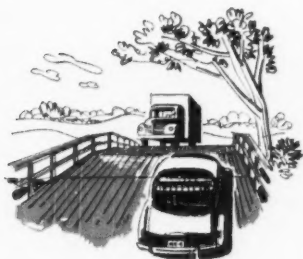
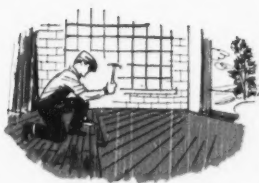


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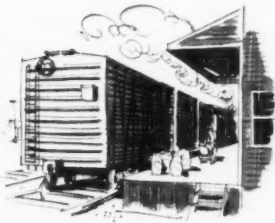
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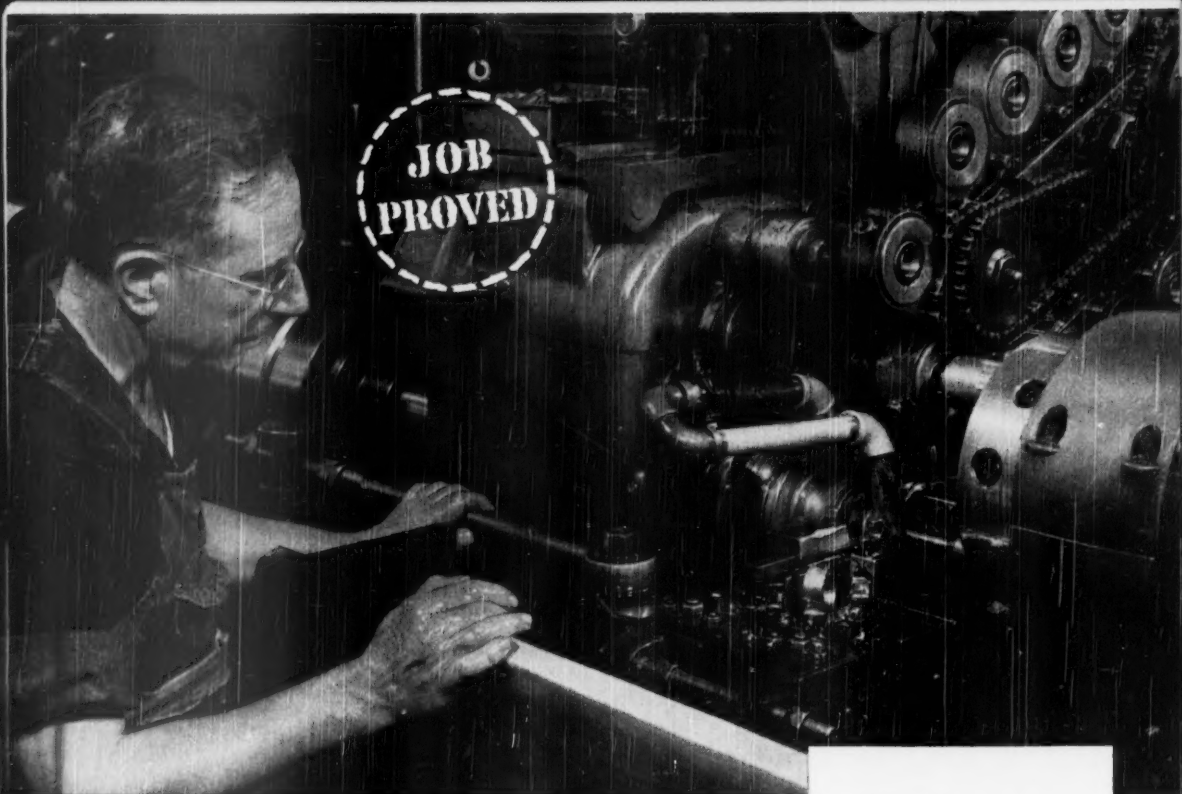
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ONE IMPROVEMENT SUGGESTS ANOTHER

Bearing Manufacturer Wants Single Cutting Oil; Gets One Which Also Serves As a Lubricant

The working out of one idea frequently suggests an even better one. Take the case of a ball bearing manufacturer who requested Sun's help in developing a single cutting oil for all cutting operations.

Various oils he had blended did not give entirely satisfactory results; they tended to sludge and clog the machines. On difficult jobs, operators found it necessary to "soup-up" the blends, greatly increasing cutting oil costs. Production results were not uniform. Furthermore, lubricating oil leaked into the cutting fluids, reducing their efficiency and shortening tool life.

The Sun men who studied the problem agreed that a single cutting oil would be desirable. But they saw an opportunity for further improvement if they could provide

an oil which would also serve as a lubricant. After extensive development work in Sun's laboratories and the customer's plants, they succeeded in producing such a dual-purpose oil.

Called Sunicut 812W, it was first introduced in a single department of one plant, is now in service throughout the company's four plants. Tool life has increased 15 per cent on the average—as much as 100 per cent in some cases. Machines previously sludged are now so clean that the original finish shows. Annual lubrication saving: about \$3,000. Inventories have been reduced, blending eliminated, and storage simplified.

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VIEWPOINT

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INTERNATIONAL OUTLOOK

BUSINESS WEEK

JUNE 17, 1950



A new twist is appearing in U. S. foreign policy—or at least in the way it's presented.

The State Dept. is dropping "cold war" from its vocabulary. The U. S. had been overplaying the phrase, letting the world think that we liked being at swords' points with Russia.

From now on, "winning the peace" rather than the cold war is to be the slogan. Furthermore, this rhymes with what State Dept. planners have said all along—war with Russia is not inevitable.

•
But Washington is taking no chances that Russia will think we are turning soft. There's a trumpet, as well as a flute, in the new foreign-policy orchestration.

You see this in recent official reports that defensive power now has the edge over the offensive. The reports get down to details—how new anti-tank weapons may make the tank obsolete.

The goal is to keep the Russians, as well as the Europeans posted. Washington regards Stalin as a realist who is unlikely to risk war if he's faced with the facts.

•
The new-weapons talk is supposed to boost morale in western Europe.

Defense strategists are stressing the small number of divisions needed to defend that area. France, for example, won't need a traditional 50 or more divisions under arms.

Also for French consumption is this: Western defense plans don't call for a single German soldier.

•
The Kremlin no longer believes in a U. S. depression. And before long, that's bound to affect Moscow's strategy.

Tipoff for the change was a recent article in Pravda. The author: economist Eugene Varga, who was disgraced two years ago for not accepting the official line on a coming U. S. crisis (BW-Jan.31'48,p22).

•
Varga doesn't give the U. S. a completely clean bill of health, of course. He says there are 18-million unemployed in the U. S. But, adds Varga, if you allow for the increase in U. S. population, that's not as bad as prewar; then, there were 15-million unemployed.

Of course, Varga's figures are phony as can be. (The Bureau of Labor Statistics shows the U. S. jobless number about 3-million.) But what's important is the way Varga uses his figures—and his argument that today's unemployment in the U. S. is perfectly normal, not serious.

•
Britain's Labor Party has put its foot in its mouth again—with a new brand of Socialist isolationism.

While the Attlee government is beating a retreat on socialism at home, the party tries to promote socialism abroad. A Labor pamphlet said flatly this week that Britain won't go in for economic cooperation with non-Socialist regimes in Europe.

True, Prime Minister Attlee tried to calm the storm that was raised on the Continent. But the harm had already been done to European unity.

•
The British stand really jolted the French. Paris began talking of U. S. intervention to save the situation.

There's no doubt that the British move will hurt the Schuman coal and

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
JUNE 17, 1950

steel pool (page 132). A majority of the French Socialists may be tempted to follow the British lead.

In that case, Schuman wouldn't have much of a chance in the French assembly. His plan can never get by in the face of Communist, Socialist, and de Gaullist opposition.

•
London and Paris are in the midst of still another wrangle. It's a currency matter.

French finance officials want to ease controls over the franc. They are talking with the British about dropping pound and franc restrictions on travel and other current payments. (Curbs would be kept on capital.)

The British Treasury is slow to warm up to this idea. The experts in London still aren't convinced that sterling is strong enough.

•
London takes financial steps like this very seriously.

If France, for example, decided to lift exchange controls against British advice, the British might take a really stiff line—such as withdrawing support from the European Payments Union.

•
Discount reports that France is ready for full convertibility with the dollar.

About all that Paris wants to do is ease up controls, and get the International Monetary Fund to fix a par value for the franc. (The rate would probably be 350 francs to the dollar—not very much of a change from the going rate now.)

Dollar convertibility is out of the question until France balances its trade and builds its gold reserves. This will take several years at least. The French trade deficit is still running at a rate of \$500-million a year.

•
Will the Truman Administration ask for a vote in Congress on the International Trade Organization Charter? You can get two opinions.

Critics of ITO say the Administration will let the charter die rather than take a sure defeat in Congress. The U. S. would lose less prestige abroad this way than if Congress actually voted no.

But the State Dept. is still plugging the charter. President Truman pushed for it in his Missouri speech last week.

Administration planners say they want a decision now—even if it's bad for them. They don't think the U. S. can keep the rest of the world waiting another year.

•
In Paris this week, the International Chamber of Commerce had some advice for countries that want private U. S. capital:

The first move to encourage investment must come from the countries asking for money.

Before a country can expect foreign capital, it should boost domestic savings. That will create an atmosphere of initiative, inventiveness, risk-taking.

U. S. government guarantees for private investors will be useful only if the receiving country promises fair treatment for capital.

Government-sponsored technical assistance programs, such as Point 4, have a limited value. By themselves, they can't produce a flow of capital.

BUSINESS ABROAD

WESTERN EUROPE'S IMPORTS FROM EASTERN EUROPE
(millions of postwar dollars)

	1938	1948	1949
Total Imports	1,400	510	490
Grains	360	145	185
Timber	289	49	90
Germany Alone	450	25	85
Grains	73	6	57
Timber	101	0	0

WESTERN EUROPE'S EXPORTS TO EASTERN EUROPE
(millions of postwar dollars)

	1938	1948	1949
Total Exports	1,721	735	947
Metal Mfgs. & Machinery	519	168	267
Chemicals & Textiles	281	79	101
Germany Alone	669	9	41
Metal Mfgs. & Machinery	291	4	13
Chemicals & Textiles	167	2	11

East-West Trade: Business or Politics?

Politics, say U. S. officials. They think Russia's latest offer to trade its grain for machinery is plain propaganda.

Soviet strategists are probing at the weak spot in U. S. economic relations with western Europe.

The probe: Moscow says it's ready to sell Russian grain to western Europe in return for capital goods, thus break the present trade deadlock. Maybe Moscow means it; maybe it's a propaganda move. Either way, it puts the U. S. on a spot.

Theoretically, both the U. S. and western Europe should like the idea. One of the original goals of the Marshall Plan was to rebuild trade between eastern and western Europe. But the cold war knocked that out long ago. Now the rub is this: If East-West trade is to revive, Marshall Plan countries will have to lift the U. S.-imposed embargo on shipments of capital goods to the Soviet bloc.

• **Propaganda**—Before the U. S. agrees to this, Washington will want to know what is behind Moscow's move.

Washington is convinced that the Russian offer—made through the United Nations' Economic Commission for Europe at Geneva—is propaganda, pure and simple. Its purpose: to lure West Germany toward the East and to weaken the will of the European Atlantic pact countries to rearm.

If this is what Moscow is up to, Washington won't be too worried. U. S. officials don't think Russia really means business with its offer. There would be a chance to call the Soviet's bluff and score a propaganda victory for the West.

• **Tender Spot**—On the other hand, if Moscow comes through on its offer, Washington would be on the spot. The U. S. is vulnerable on two counts:

It was Washington that took the initiative in the present embargo on

shipments of most kinds of capital goods from the U. S. and western Europe to Soviet bloc countries. This embargo has never been popular with traders in western Europe, especially not in West Germany.

Then there's this angle: Officially, the U. S. State Dept. favors a revival of East-West trade. And this week, State said it would support efforts to increase sales of grain from eastern to western Europe. But unofficially, U. S. trade experts admit that it would be embarrassing to have western Europe buy too much wheat from the East while the U. S. has such a big surplus.

• **Safe Offer**—Not that Moscow's case is foolproof. Now that the world grain shortage is over, the Soviet offer to sell grain in western Europe won't impress too many people.

U. S. officials in Europe think, too, they now have proof that Russia is merely bluffing—that it has no thought of changing its policy drastically. Two statements at the meeting of the ECE Council last week seem to support this view. Russian delegates said they were ready to increase East-West trade but that the U. S. would never permit the Marshall Plan nations to go along. Then the Russians took a slap at the U. S. by suggesting that ECE study how the Marshall Plan has cut western Europe's export potential.

• **Deadlock Is Born**—Russia created the deadlock in East-West trade by keeping eastern Europe out of the Marshall Plan. By May, 1949, even ECE was completely stalemated on the issue. At a meeting in Geneva at that time, the West asked for an exchange of information on goods available for East-West trade. But the eastern countries

balked. They argued that the export licensing policy of the U. S. and the Marshall Plan countries was "discrimination"; there wasn't any use in trying to boost trade. They refused to give any information until western discrimination had been ended.

• **Enter Myrdal**—That's where the matter lay until Gunnar Myrdal, Secretary General of ECE, got busy on a plan to break the deadlock. Last month, Myrdal went to Moscow with his plan and talked the Russians into new discussions.

Myrdal had a three-point plan to sell. He proposed that future trade be based on three things:

(1) Western Europe would make long-term commitments to buy eastern cereals and other supplies. These commitments would be modeled after the International Wheat Agreement, with upper and lower price limits.

(2) The West would let the East use the proceeds from these sales to buy specified western goods.

(3) There would be greater flexibility of payments between East and West. For example, an eastern country could use currencies earned through an export surplus with a western country to buy in another western country.

• **A Deal?**—The Russians bought Myrdal's plan—as the basis for new talks in Geneva this month. They also offered to close a deal with western Europe for coarse grains and wheat. But in return, they indicated they would expect to get some of the western goods now on the prohibited list.

Myrdal personally is optimistic; he thinks he can break the trade deadlock. Moreover, he sees a possibility that East-West trade might be boosted more than twice as high as prewar, or to an annual \$5-billion cash way.

Leave the U. S. out of the picture, and Myrdal's figure would be reduced

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BUSINESS WEEK

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considerably. But trade between eastern and western Europe would still be several times the 1949 level (table, page 129).

In Paris, at the Organization for European Economic Cooperation (ECA's opposite number), there is no such optimism. The OEEC secretariat sees economic as well as political advantages in keeping western Europe's trade pointed west.

• **No Basis**—The fact is that most ECA and OEEC economists in Paris doubt that there's any real economic basis for an expansion of East-West trade right now. They reason as follows:

• The West is in no great need of Russian grains. France, for example, will have an export surplus this year of 3-million tons. The U. S. is both able and willing to meet western Germany grain needs.

• The rapid expansion of heavy industry in Russia and the satellite states has sopped up the raw materials that western Europe might buy—nonferrous metals, petroleum, timber.

• The basic trends on both sides of the Iron Curtain since the war have been toward economic self-sufficiency. Thus, eastern Europe now makes many of the goods that it imported from western Europe before World War II.

• The only equipment Russia really wants is heavy specialized machine—and machine tools from the U.S.

Thus, there is no chance of any great expansion in East-West trade unless: (1) The Communist world is willing to make real economic sacrifices—by selling things it really needs—in order to gain purely political objectives; (2) the U. S. is willing to relax its export controls.

• **Some Action**—Still, the West will probably have to agree at Geneva to some new action on East-West trade. The chances are that ECE will create a special committee to study the possibilities of the Myrdal proposal. Such a committee might even draft some kind of multilateral East-West trade treaty.

As for the grain deal, the U.S. will insist that this doesn't conflict with the International Wheat Agreement, which Russia refused to join last year.

Then the U.S. would agree to an ECE study of what the Marshall Plan has done to western Europe's export potentials. ECA officials are certain that the U. S. would get a clean bill of health on this count. In fact, ECA knows it can prove that western Europe is potentially able to export considerably more to the East than it could prewar, thanks to the Marshall Plan.

• **Propaganda Value**—American officials in Europe have another possibility in mind—making some propaganda for the West out of what is apparently a bogus Russian offer. The idea would be to call Russia's bluff by asking Moscow to



ECE's MYRDAL thinks he has a chance of breaking the deadlock in East-West trade.

submit lists of just what it wants to buy and what it wants to sell. The U. S. would promise to do its utmost to supply everything the East wants, even to the point of reviewing our list of banned exports.

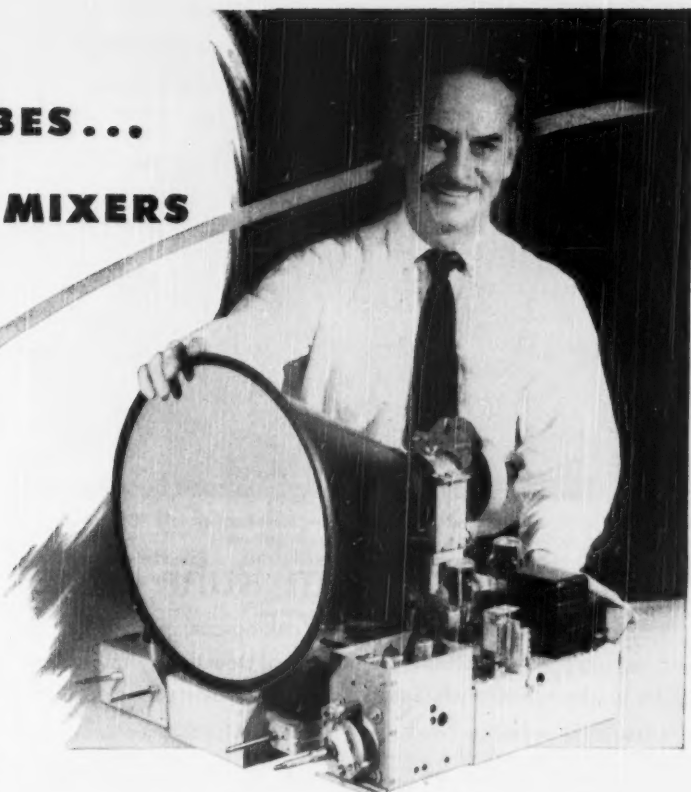
Here's another thing the U. S. might do, these officials say: help the Russian "export drive" by suggesting that western Europe would be glad to import Russian raw materials such as copper, manganese, molybdenum, timber, and oil—many of which, Western Europe has to import from the U.S. under the Marshall Plan. Russia, of course, is putting all its supplies of such materials into its \$45-billion annual war effort. In this way, the U. S. might force Moscow to put up or shut up.

GERMANY, BRAZIL BARTER

RIO DE JANEIRO—There's a barter deal in the works that will make West Germany the world's number two trader with Brazil. That ought to give a shot in the arm to German businessmen's drive for more exports (BW—Jun. 10 '50, p. 121).

The pact, almost ready for signatures, calls for an exchange of goods totaling around \$220-million within a year. Germany will send machinery and industrial products. It will receive coffee, cotton, and other raw materials in return. On the basis of official Brazilian trade figures for 1949, the arrangement should shove Germany right behind the U.S. and ahead of Britain and Argentina in the amount of business done with Brazil. Last year, according to Bank of Brazil summaries, Germany didn't appear among the first 24 traders with Brazil.

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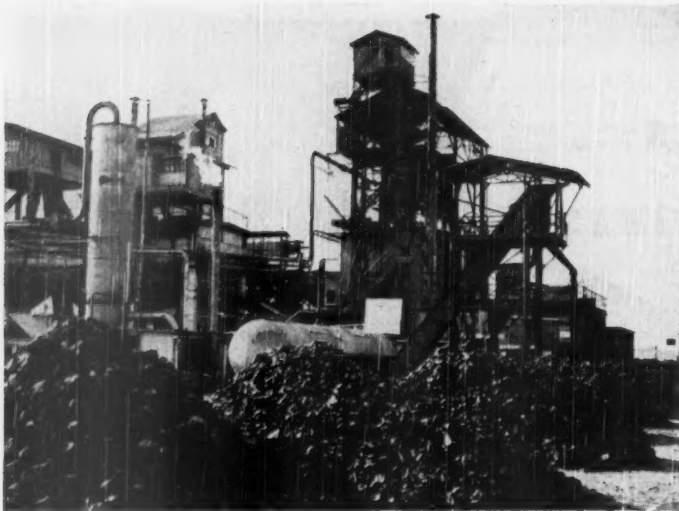


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PILOT PLANT at Marienau makes metallurgical coke from Lorraine coal. That leaves . . .

France Freed From Ruhr Coke

New process gives France vast coking-coal resources of its own, cuts imports from Ruhr, lowers cost of steel. New competition will be big factor in French-German negotiation over coal-steel pool.

PARIS—French Foreign Minister Schuman's plan for pooling the coal and steel industries of France and Germany has a bumpy road ahead. Even the Bidault government now admits that. One rut is sure to develop from France's new process for making metallurgical coke from poor coking coal.

• **Worthless**—France's steel industry has always depended on imports of German coal and coke to feed its furnaces. Its own vast coal reserves in Lorraine have been practically worthless for steelmaking. Lorraine coal is highly volatile, much "younger" than coal found in the Ruhr. It's fine for domestic fuel, but it doesn't make good coke—or it didn't up to a few months ago.

• **Matchless**—Using a new process, Lorraine coal now does make good coke. In some cases, it makes better coke than the imported German variety. French coal and steel men are excited. They look to the process eventually to: (1) free France's steel industry entirely from its dependence on German coke and coal; (2) provide a natural and steady market for Lorraine coal reserves; and (3) cut costs in steel production, making French steel more competitive in international markets.

• **Lever Against Germany**—But the news is not so happily received in Germany. If French steel becomes self-sufficient in its coal requirements, Ruhr coal will lose one of its best customers.

Some French officials are afraid that the process could raise such obstacles to Franco-German economic cooperation that the U.S. might oppose its industrial application on political grounds.

But it's unlikely that the French will push the process to the limit, cutting off all coke and coal imports from Germany. Probably France will use this development much as the U.S. has used synthetic rubber—as a lever. By waving the threat of bigger synthetic production, the U.S. is able to put a ceiling on natural rubber. By holding potential self-sufficiency in coke, France will be able to gain some favorable concessions from Germany in bargaining over the coal and steel pool. France goes into the pool as the weaker partner industrially. It may find good use for this lever.

• **Process No. 1**—The French are working on three alternative processes that will use the Lorraine coals exclusively or in a high proportion. The most important of them is being developed at the experimental station at Marienau, on the Lorraine-Saar border hard by the iron mines and coal fields. It's being financed jointly by the Lorraine coal and steel interests, the Saar mines, and by Charbonnages de France, the French nationalized coal administration. In operation only since last November, the Marienau pilot plant is already turning out metallurgical coke that is 8%

higher in quality than the average cokes imported from the Ruhr.

Local, high-volatile coals are used exclusively at Marienau. The essence of the process is the addition of 15% of so-called "semi-coke" to the coking charge. Also, the Marienau process differs from conventional coking in that the mixture is ground more finely than usual and is thoroughly dried before being placed in the coke oven.

The oven used at Marienau is the rotating type, originally developed to produce semi-coke for domestic heating purposes. Right now the oven is handling 40 tons of coal a day, but it's expensive to operate. However, French engineers are designing a larger and more efficient oven, capable of handling 100 tons of coal a day.

• **Process No. 2**—A second new coking process has been worked out by the Longwy Steel Co. at Thionville, near Marienau. The Thionville process uses a new method of pretreating coal in order to separate the elements that will coke and those that will not. So far, tests indicate that Thionville coke may be too expensive to use in any large-scale steel-making operation. Besides, it requires a certain amount of Ruhr coke mixed in with the local varieties.

• **Process No. 3**—Finally, at Carling in the Lorraine basin, metallurgical coke is being made from local coals—plus some Ruhr imports—by a tamping process. The basic tamping process is not new—it has been used for years in the Saar for making coke for small blast furnaces. But it wasn't until 1948 that the French found they could use a high proportion of Lorraine coals in the coking charge—and cut way down on the Ruhr coals required.

French coke experts plan to extend the Carling process to roughly 30% of the Lorraine cokeries. And odds are that the Marienau process—using Lorraine coal exclusively—will be applied to the other 70%. The French claim they can convert their entire coke industry for less than 2.5-billion francs (about \$7-million). And they estimate that the cost of conversion to a coke manufacturer will be less than 10% of the value of his annual production.

• **Imports Down**—The French hope to have all the Lorraine cokeries converted to the new techniques by 1952. If that happens, imports of metallurgical coke from Germany will drop from the 3-million tons that will be imported this year down to 1-million tons. And French coke experts are confident that later refinements of their processes will make even this 1-million import tonnage unnecessary. Coking coal imports will be slashed, too. Instead of the 3.5-million tons ordinarily required, France will import only 1.5-million tons. Conceivably, France could dispense with these coal imports, too, if it cared

to use up its slim reserves of good coking coal in northwestern France.

• **Costs Down**—If French plans pan out technically, Lorraine steel mills will have as cheap a source of coke as the Germans. Ruhr coking coal costs 4,700 francs per ton delivered in France; local coals cost only 3,500 francs per ton. Since coke accounts for roughly 30% of the total cost of French raw steel, steel men can look forward to a 7% cost cut at the start. The cut may be even greater when the extraction and coking of Lorraine coals hits its full stride in years to come.

• **Not New**—Getting coke from poor coal isn't a French idea exclusively. In the U.S., several steel companies are using coke made from coal similar to the Lorraine variety. Henry J. Kaiser's Fontana mill is one. But since the U.S. has 50% of the world's coal reserves—and enough coking coal to last for many years—no one here is too excited about working out new processes on the French model.

Saab and Fiat May Get Together

Sweden's Saab Aircraft Co. and Italy's Fiat each have something that the other needs. They're thinking of getting together.

• **The Design**—Saab has the designs for the Scandia, a low-cost, short-haul, twin-engine transport plane that's got big sales possibilities as a replacement for Douglas Aircraft's workhorse, the DC-3 (BW—Apr. 1 '50, p105). But Saab hasn't got the labor force or the plant capacity to turn out Scandias fast enough to get sales. The company's plant at Linköping, Sweden, is working full tilt on jet fighters for the Swedish air force. It can't spare the workers or the tools for Scandia production.

• **The Manpower**—Fiat, on the other hand, has plenty of labor and space—but no designs for a first-class twin engine transport. So Saab executives are working on a deal whereby Fiat will produce Scandias on its own assembly lines—and Saab will market them to the world's airlines.

Recently, a Scandia was flown to Rome for a going-over by Italian air force and government officials. Reports indicate that the Italians were impressed by the plane's flyability—particularly its short takeoff and landing runs. If the Italians decide they want the Scandia as a military transport, Fiat will build the planes under license from Saab.

Even if the Italian government turns thumbs down on the Scandia, Saab hopes to conclude a non-license agreement with Fiat. Saab would just order the planes and parts in job-lots as sales conditions warranted.

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FOUNDER W. C. Coleman (80) holds first Coleman lantern made in Australia.

Growing Abroad

Coleman Co. makes 30% of gross on foreign operations. It's still expanding: a new Canadian plant, an Australian licensee.

The Coleman Co., a familiar name to Americans for heating, lighting, and cooking equipment, is spreading out more and more in the world market. For 30 of its 50 years in business, the Wichita (Kan.) company has been selling abroad.

• **Faster**—Lately, it has stepped up the tempo of foreign operations. Last month, it concluded a licensing deal for the manufacture of Coleman lanterns and stoves in Australia. This month, it broke ground for a \$600,000 appliance plant in Toronto, Canada.

This will be Coleman's second plant in Canada. Its first, built in 1920, has been turning out most of the Coleman gasoline- and kerosene-burning appliances sold in Canada, plus a large part of those sold in other countries under the company's export program. The new plant, scheduled to be completed by January, 1951, will manufacture Coleman oil-burning home heaters. Later on, Coleman expects to manufacture other products there, including its new Blend-Air home air-conditioning system (BW-Jul. 9/49, p. 48).

• **Canadian Market**—W. C. Coleman, 80-year-old chairman and president of the company, is gunning hard for the Canadian market. He believes that

"Canada is entering a new era of industrial and marketing expansion." Coleman is placing biggest emphasis in Canada on its home oil-heating equipment, now that the rapid westward spread of rural electrification there has begun to cut into sales of gas and kerosene lighting and cooking appliances.

And the market looks good. Thanks to rich oil discoveries in Alberta, Canada is becoming more and more oil-conscious. And Coleman figures the demand for his home heaters will soar. The company is off to a good start: Last year, two out of three oil heaters sold in Canada were Coleman-built.

• **Dollar Concession**—In Australia, always a good Coleman market in the past, the dollar shortage has severely limited sales. That's why Coleman has licensed the Adelaide (South Australia) company of Colton, Palmer & Preston to manufacture its products, using some parts shipped from the Toronto plant. The Australian deal marks the first time Coleman has allowed its products to be manufactured under license abroad.

In other countries, Coleman vice-president and export director, W. J. Weldon, has set up sales outlets where overseas customers can get parts and service for their Coleman appliances. All in all, foreign sales last year amounted to more than \$7-million, 30% of the company's total sales.

BUSINESS ABROAD BRIEFS

U.S. surplus potatoes—50,000 tons of them—will be unloaded on East Germany. The price: 1¢ a bag. Communists have a potato shortage in their zone; they blame it on American planes which, they say, have been bombing crops with potato bugs.

• **Copperweld Steel Co.**, Glassport, Pa., got a \$1-million order for 25,000 miles of telephone wire from the South African government. South Africa is extending and modernizing its communications.

• **A new French oil field** in the Pyrenees has turned out better than expected (BW-Apr. 15 '50, p. 135). More strikes last week boosted daily yield to 210 tons.

• **Aluminum post offices**—50 of them—are in the works for Australia. They're prefabs, built by Britain's Bristol Aeroplane Co., Ltd. Australia already has 330 aluminum schools on order from Bristol.

• **Venezuela hopes its first steel plant** will be producing by 1952. Salem Engineering Co., Salem, Ohio, will help build it.

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Russia Attacks on the Economic Front

Press reports on our progress in the cold war tend to concentrate on the diplomatic and military fronts—yet the economic front is probably more important in the eventual outcome.

The news does not provide answers to this crucial question: Are the Russians gaining economic strength fast enough so they will be ready for total war, if it comes to that, before we are?

To fill this gap in reporting is far from simple. The Soviet regime deliberately falsifies the scanty economic data it releases. However, bits and pieces of economic information creep into Russian newspapers and technical journals. From these, trained Russian analysts can make reasonably accurate estimates of Russian economic progress. Here are the main conclusions that emerge:

We—the U.S. and western Europe—are holding our own. But to continue to hold our own, we must expand our production at least as fast as we have in past years of prosperity.

There's much at stake in this race. If we can continue to expand our economy rapidly, we can (1) maintain superiority over Russia in industrial strength, and so lengthen the odds against all-out war, and (2) widen the gap in living standards between Russia and the West. That would undermine communism at home and abroad.

The Race for Production

We are doing well so far on the cold war's economic front. According to the best estimates available in the West, Russian industrial production in 1949 was only slightly above the 1940 level. In contrast, our industry's output stood 42% above 1940. And western Europe, with an important lift from ECA, had boosted its industrial production well over 20% above prewar. The western world, as a whole, has done better than the Soviets.

In doing so, the West has kept a decisive industrial superiority. Together, the U.S. and western Europe have a five-to-one lead in steel, a six-to-one advantage in electric power.

Well then, why worry about the Russian threat? There are good reasons for concern. Russia is gaining industrial strength at least as fast as we are.

Evidence on the growth of the Russian economy has just been assembled by Naum Jasny, a staff member of Stanford University's Soviet Economics Study Group. Jasny concludes that Russian industrial output today is almost four times what it was in 1928, when the five-year plans started (the Russians say it is nine times as great). In the same period, U.S. industrial production doubled, while western Europe's rose by less than a quarter.

Russia's industrial output grew so fast because she

put unprecedented emphasis on capital investment. According to Jasny, Soviet expenditures on new industrial plants and equipment now amount to 40% of her national income, as against 13% here. Russia's national income is smaller—perhaps less than a quarter of ours. But by devoting a much larger share to capital investment, the Russians are ploughing back into investment each year about the same absolute amount as we are. The result: Russia is expanding her industry at least as fast as we are.

If the pace of industrial growth in the western world stops—or slows down—Russia will gain ground fast. Within a relatively brief time, Russia would possess the industrial strength she considers necessary before risking all-out war. So, the risk of war would multiply rapidly if Russia began to gain in the race for industrial strength and power.

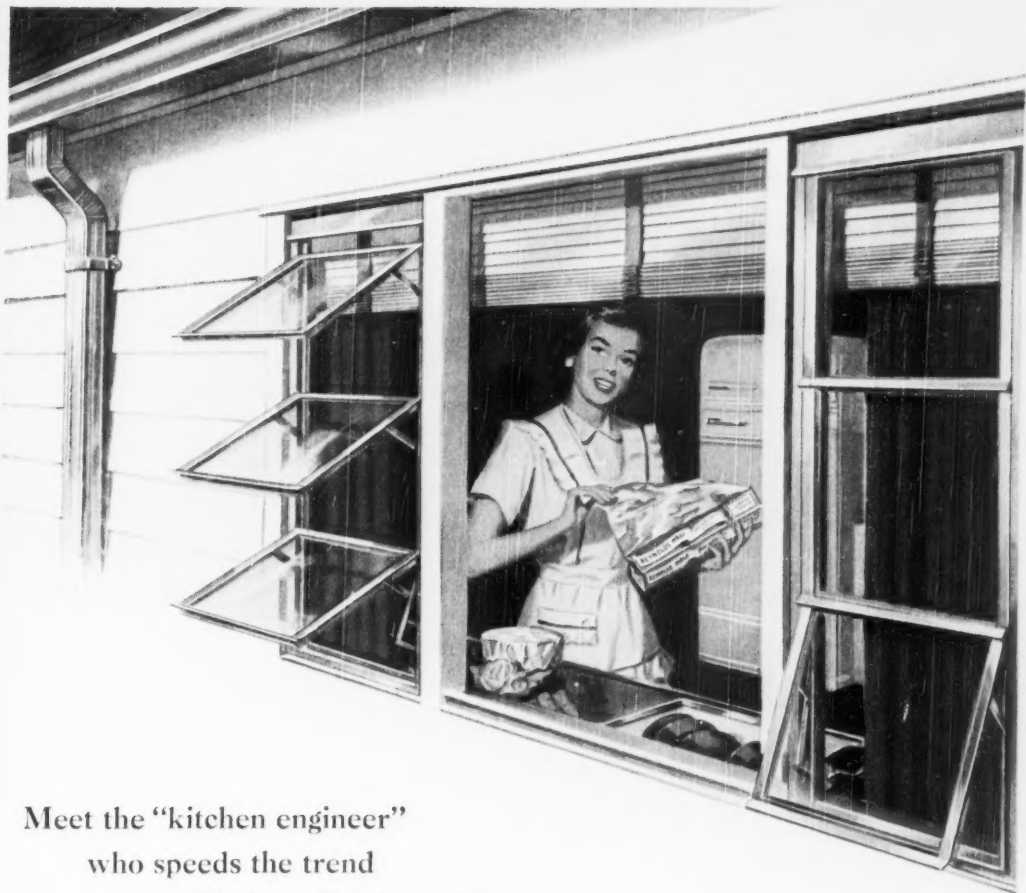
The Price Russia Pays

We can maintain our decisive advantage and undermine the Communist threat—if we can continue our past rate of expansion. Russian industrial expansion has been bought at the expense of an incredibly severe squeeze on the living standards of the Russian people. The average Russian lives only about a quarter as well as does the average western European, and only about 10% as well as the average American.

If the U.S. and western Europe can continue to expand their production—as they have shown they can under propitious economic circumstances—they can widen the gap in living standards. The western economies can raise living standards while continuing to plough back enough of their production to achieve economic growth. But Russia must continue to squeeze living standards to support its huge investment and defense program. According to Jasny, four-fifths of Russian output goes to investment and defense; in the U.S., the ratio is less than 20%.

With a steadily widening gap between living standards in Russia and the western world, Soviet leaders would be under growing pressure. To prevent internal unrest within Russia and positive revolt on the part of satellite countries, they might well be forced to rearrange their economy to give consumers a break. There is a chance, at least, that a growing disparity between Russian and western living standards would bring about a Soviet downfall.

In any case, it is crystal clear that we must keep our economies growing if we are to master the Soviet threat. A victory on the economic front might not of itself overthrow the Soviet regime, but it is essential for success on military and diplomatic fronts. In fact, our very survival may depend on our maintaining economic growth. The risk of war will multiply, and fast, if Russia gains in the race for industrial power.



Meet the "kitchen engineer"
who speeds the trend
...to Building Products of

REYNOLDS ALUMINUM

You are looking into a modern kitchen through the "Auto-Lok" Aluminum Awning Window.*

It is the awning type that provides draft-free ventilation with protection against rain when open. And its patented closure "seals like a refrigerator",... weatherstripped, positive-locking! Naturally, it is made of aluminum...the rust-proof metal that needs no painting, the light strong metal of today's jet planes.

The lady in the picture is fully aware of these advantages. But only now, suddenly and dramatically, is she reminded every day that Aluminum is the basis of it all! For women

throughout America use aluminum constantly...pure aluminum in handy kitchen rolls: *Reynolds Wrap*. They cook, bake, store and freeze foods in Reynolds Wrap. It's a daily mass demonstration of aluminum in the home.

Executives must face the fact that the American woman is now a "kitchen engineer" with aluminum experience...through her use of Reynolds Wrap.

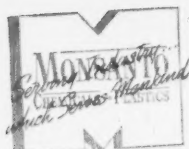
Architects and builders cannot ignore her influence. And alert dealers will be ready for her with Reynolds Aluminum Building Products: Windows, Screens, Gutters and Downspouts, Reflective Insulation, Roofing and Siding, Nails and Accessories.

*"Auto-Lok" Aluminum Awning Windows made by Ludman Corporation, Miami, Fla. Reynolds supplies aluminum extrusions for this and many other window manufacturers; parts prefabricated at Reynolds Metals Company plants in Phoenix, Ariz., and Grand Rapids, Mich.

REYNOLDS METALS COMPANY
The Complete Aluminum Service
Richmond 19, Va. • Louisville 1, Ky.

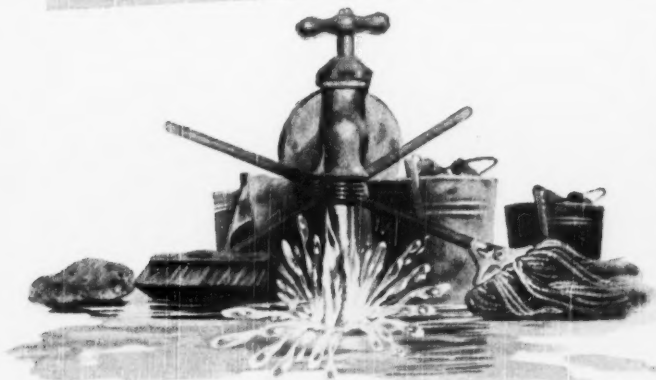
Fig • ingot • sheet • cable • wire • rod • bar • extruded, roll formed, architectural and structural shapes • tubing • pipe • powders • pastes • foil packaging • chemical aluminas • building materials • industrial parts





SOURCE OF PROFITS FOR MANY INDUSTRIES

Supplying chemicals to formulators of cleaning compounds is only one of many ways Monsanto renders a basic service to industry. Hundreds of similar instances are found in every business, where more than 400 Monsanto chemicals and plastics are a source of profits in processing, production and sales. Detailed inquiries are invited.



HOW TO CLEAN UP IN BUSINESS

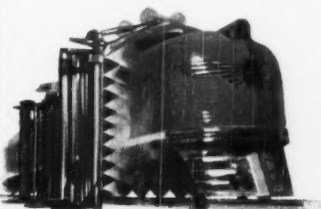
In many cases it is a simple matter to clean up in business. All it takes is a lot of water, a few "tools" and the effective cleaning power added by Monsanto detergents. These basic chemicals are sold directly to formulators of cleaning compounds and solutions. They, in turn, supply industry requirements where thorough cleaning, fast rinsing and low cost are important.

glass and metals cleaning



Santomerse* No. 1 is a popular Monsanto detergent and wetting agent. It possesses "all-purpose" qualities—is equally effective in hard or soft water,

acid or alkaline solutions—is a thorough wetter—provides fast penetration—has rapid, free-rinsing properties—makes abundant suds, even in salt water. Widely used by formulators and compounders who prize the quality of their products.



heavy equipment cleaning

In addition to Santomerse No. 1, with its "all-purpose" qualities, other Monsanto detergents contribute specific properties to cleaning compounds. Tetra sodium pyrophosphate and sodium tripolyphosphate combine water-softening qualities with high detergency—useful in hard-water areas, especially where scum and soap curds are present. Also used as soap builders.

TO FORMULATORS OF CLEANING COMPOUNDS

Further information will be furnished on any of Monsanto's detergent products listed here. Check those that interest you . . . then fill in and return the coupon.

- ☐ Santomerse, in liquid, flake, powder or paste form . . . ☐ Sterox* CD, for controlling dusting and sudsing . . . ☐ SA-326 and ☐ Sopanax, to retard oxidation . . . ☐ Tri sodium phosphate, for water softening, water treatment, detergency . . . ☐ Tetra sodium pyrophosphate, for increased cleaning power . . . ☐ Sodium tripolyphosphate, for use with soaps, detergents, water softeners, degreasing compounds.



household cleaning . . . luxury soaps

Monsanto tetra sodium pyrophosphate and sodium tripolyphosphate find wide use as soap builders—also as ingredients in household cleaners. . . . In the manufacture of fine soaps, Sopanax* and SA-326 are used to retard oxidation—Coumarin, to add pleasing fragrance.



commercial cleaning

Tri sodium phosphate is still another Monsanto detergent extensively used by formulators of cleaning compounds for commercial, industrial and household service. Its excellent water-softening properties make it useful wherever water conditioning is a problem. It is also used in textile processing . . . for degumming silk and rayon.

information for formulators

Formulators are offered more information on product improvements and cost reductions through the use of Monsanto detergents. Simply mail the coupon, or write Monsanto Chemical Company, 1724 South Second Street, St. Louis 4, Missouri. In Canada: Monsanto (Canada) Limited, Montreal and Vancouver.

*Reg. U. S. Pat. Off.



Serving Industry... Which Serves Mankind

MONSANTO CHEMICAL COMPANY
1724 South Second Street, St. Louis 4, Missouri

Please send more information on products checked at the left for the following uses.

Name _____ Title _____
Company _____
Address _____
City _____ State _____